United Nations S/2003/223

Security Council

Distr.: General
25 March 2003

Original: English

Letter dated 25 March 2003 from the Chairman of the Security Council Committee established pursuant to resolution 751 (1992) concerning Somalia addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 751 (1992) concerning Somalia, and in accordance with paragraph 11 of Security Council resolution 1425 (2002), I have the honour to transmit herewith the report of the Panel of Experts mandated to collect indcpendent information on violations of the arms embargo on Somalia and to provide recommendations on possible practical steps and measures for implementing it.

In this connection, the Committee would appreciate it if this letter together with its enclosure were brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Stefan **Tafrov**
Chairman
Security Council Committee established pursuant to
resolution 751 (1992) concerning Somalia

03-25925 (E) 210303

Letter dated 24 February 2003 from the Panel of Experts to the Chairman of the Security Council Committee established pursuant to resolution 751 (1992) concerning Somalia

We have the honour to enclose the report of the Panel of Experts on Somalia, in accordance with paragraph 11 of Security Council resolution 1425 (2002).

(*Signed*) Ernst Jan **Hogendoorn**

(*Signed*) Mohamed Abdoulaye **M'Backe**

(*Signed*) Brynjulf **Mugaas**

Report of the Panel of Experts on Somalia pursuant to Security Council resolution 1425 (2002)

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Abbreviations

IRIN	Integrated Regional Information Network
RRA	Rahanweyn Resistance Army
SACB	Somalia Aid Coordination Body
SNF	Somali National Front
SNA	Somali National Alliance
SPM	Somali Patriotic Movement
USC	United Somali Congress

Summary

The Panel of Experts has found a clear pattern of violation of the arms embargo on Somalia. Weapons, equipment, training of militia and financial support to Somali factions have been given regularly by neighbouring States and others since the Security Council adopted resolution 733 (1992) on 23 January 1992. Weapons have also been purchased by Somali factions on the international arms market. These flagrant violations of the embargo continue today even as the Somali factions and their neighbours are participating in the Somalia National Reconciliation Conference, sponsored by the Intergovernmental Authority on Development (IGAD). They have signed the Declaration on Cessation of Hostilities and the Structures and Principles of the Somalia National Reconciliation Process (Eldoret Declaration), in which they agreed to implement fully the arms embargo and facilitate international monitoring.

It is the opinion of the Panel that the sanctions regime should be enhanced and implemented with increased determination. The Somali faction leaders are today convinced that their business can go on as usual as they have not seen any real enforcement of the embargo by the United Nations or its Member States over the past 12 years. On at least one occasion the Panel observed apparently new weapons, military uniforms and equipment in the possession of militia in the presence of the very political leadership that was denying the receipt of any arms. The dismissive attitude to resolutions of the Security Council will continue to prevail if the international community does not show resolve in implementing a strict embargo regime or remain vigilant in investigating new violations of the embargo.

The more than 12 years of conflict have further fragmented Somali society and the fighting no longer revolves around nation-building ambitions such as establishing law and order or providing essential services but the advancement of personal material interests. The traditional role of elders as arbitrators and peace negotiators has also been undermined.

In the face of continuous and flagrant violations of the embargo it should be stated that the vast majority of the cases investigated by the Panel involved numerous shipments of relatively small amounts of arms and ammunition. The nature of the conflict in Somalia demands little more. Although some faction leaders, and a few businessmen, can reportedly mobilize more than 1,000 militia members, fighting in Somalia is normally carried out by small numbers of poorly trained and undisciplined militia members and lasts no more than a few days — if that — before ammunition and other supplies such as fuel are exhausted.

Since Somalia remains a deeply impoverished country, the various warlords and faction leaders must continuously struggle to raise sufficient money to pay their militia members and obtain arms and, more importantly, ammunition. (None of the factions appears to be able to raise large amounts of money from Somalis living abroad.) Therefore fighting in Somalia typically centres on the control of property or income-generating infrastructure, such as harbours, airports, markets, bridges or road junctions that can be "taxed". In addition, faction leaders have devised other schemes to raise money, many of dubious legality and some clearly illegal.

Arms flows to Somali factions

The arms market in Somalia is supplied by both external and internal sources, and to most Somalis there is little distinction between those sources. This is largely because arms, ammunition and cash are completely fungible. Warlords and individual militia members frequently sell excess arms and ammunition to local markets to raise money for the purchase of other goods — such as food and khat, the local drug of choice — and other warlords often buy these same arms and ammunition when expecting combat. Therefore, while some external supporters may supply arms directly to various factions, many of the weapons and much of the ammunition will not remain with those factions. Conversely, if other external supporters provide financial support, without adequate financial safeguards that support can easily be used to procure arms and ammunition.

Weapons and ammunition are readily available, and warlords such as Mohamed Kanyare Afrah and Hussein Aideed have stated that it is often more economical to purchase weapons domestically rather than incur the expense of international transportation. With a retail price of US$ 120 to $250 per AK-47, or similar assault rifle, in Somalia's many arms markets it takes relatively little money to quickly form a fighting force.

However, because most Somali warlords do not have the business acumen to support their own militias, they have come to rely on the support of external States for arms, ammunition and supplies.

Ethiopia has played an overt military role in Somalia. Not only has Ethiopia been a major source of weapons for a number of Somali groups, Ethiopia has also invaded and occupied parts of Somalia. Ostensibly, and perhaps justifiably, the first direct military involvement of Ethiopia in Somalia, in 1996 and 1997, was in response to the activities of the Somali Islamic militant group al-Ittihad al-Islami, including terrorist attacks in Ethiopia. Since then the threat of al-Ittihad and its tenuous links to al-Qa`idah have been used as an excuse for Ethiopian involvement in Somali internal affairs rather than for legitimate national security concerns.

After the establishment of the Transitional National Government, Ethiopia helped to establish the Somali Reconciliation and Restoration Council, which is made up of factions hostile to the Transitional National Government and its allies. The Ethiopian military has provided training and limited amounts of arms, ammunition and other supplies to all members of the Council.

Eritrea has also been a major supplier of arms and ammunition to Somali groups. As the war between Ethiopia and Eritrea descended into a protracted and bloody stalemate, Somalia became a secondary battleground between the belligerents. Unfortunately, the hostility engendered by the war between Eritrea and Ethiopia continues, and apparently continues to motivate Eritrean support for factions hostile to Ethiopia.

Yemen provided a small amount of military assistance to the Transitional National Government, soon after it was established at the Arta Conference in Djibouti. More importantly Yemen also appears to be a significant private source of weapons through two conduits. First, there are reportedly high-level officials within the Government of Yemen who are willing to provide Yemeni end-user certificates and facilitate the sale and delivery of weapons to officials of the Transitional National Government (Yemeni officials deny this). Second, businessmen in Yemen

obtain weapons and ammunition from the general population in Yemen that are then shipped to Somalia, where demand and prices are much higher.

Djibouti, according to reliable local and international sources, is also a significant trans-shipment point for weapons to Somalia, principally the Transitional National Government. While little direct support is alleged, Djibouti officials appear to have provided false end-user certificates and helped to organize transportation for arms destined for Somalia.

Egypt has acknowledged providing training and uniforms to the Transitional National Government police.[1] There have been multiple credible allegations from Somalis of intermittent military support to the Transitional National Government. The Libyan Arab Jamahiriya donated close to $2 million to the Transitional National Government through its President, Abdikassim Salad Hassan, and donated uniforms and other supplies. The Transitional National Government received $15 million from the Ministry of Finance of Saudi Arabia and $3 million from Qatar. Kuwait apparently gave it $0.5 million just after the Arta Conference. Other members of the League of Arab States pledged assistance, but it is not clear if those pledges were honoured. As far as the Panel was able to determine, none of those countries exercised any oversight over their donations to determine whether any of the money was used for the procurement of lethal military equipment.

The Sudan apparently gave $1 million directly to President Hassan and donated military uniforms to the Transitional National Government during 2001-2002. It appears that during the early and mid-1990s the Sudan provided assistance to the militia of the late Mohamed Farah Aideed and al-Ittihad al-Islami.

International terrorism

One concern about Somalia, especially after the terror attacks in the United States of America on 11 September 2001, is that because of its lack of an effective central government it could become a haven for international terrorists. At present these fears appear unfounded. While the Panel has found ample evidence that al-Ittihad al-Islami continues to operate in Somalia, it appears to have few formal links with al-Qa'idah, and has a largely local agenda, which includes unification with other Somali-majority areas in neighbouring States. Somalia may, however, because of its lack of an effective central government and general lawlessness, become a significant transit centre for small groups of terrorists and terrorist materiel.

The continuing lawlessness in Somalia, particularly where it prevails in the coastal areas, is a threat not only to Somalis but also to the international community. The recent findings that material and explosives used in the terrorist attack of November 2002 in Mombasa, Kenya, were trans-shipped through Somalia to the north Kenyan coast is a case in point. The international community should, and can, do more about security and unsustainable exploitation in Somalia's Exclusive Economic Zone.

Financing of arms purchases and military operations

Warlords raise money for arms purchases in numerous ways. In a manner not unlike the extortion of classic organized crime families, an ever-increasing list of

[1] Somalia Aid Coordination Body, Donor Report 2001, p. 22. Egypt did not request an exemption from the Somalia sanctions Committee for the transfer of this security assistance.

financial demands, tributes, "taxes", fees and security payments are imposed on Somalis and their business activities. Even United Nations agencies and other aid providers must pay exorbitant fees to rent vehicles and property and for security, which is a significant source of revenue for Somali factions.

In some instances, the extortion schemes of the warlords contribute to the willingness of particularly hard-hit businesses, for example the transportation industry, to compensate for lost income with highly paid activities such as arms smuggling and other illegal activities. This creeping trend to corruption and other behaviour, made possible by the general lawlessness of Somalia, will be a serious problem over the long term.

The trade in khat is a significant source of revenue for Somalia's warlords. While it is difficult to determine the division of the spoils, it is estimated that khat flights to Daynile airfield (west of Mogadishu) alone amount to nearly $6,000 per day or $170,000 per month. This revenue is apparently shared among Mohamed Kanyare Afrah, the owner of the airstrip, and other important faction leaders, namely, Osman "Atto" and Omar "Finish".

In addition, Somali faction leaders and their businessmen backers have devised a number of schemes to raise money. Since late in 1996, a number of warlords and businessmen have also ordered currency from foreign printers. Technically, these currency printings cannot be called counterfeit, since no authority defining what is legitimate Somali currency exists (Canada apparently tried to discourage one such contract with a Toronto-based company, Quebecor), but these schemes generate much-needed hard currency for Somali warlords and their businessmen backers and further impoverish an already destitute population.

The long and remote Somali coast has the potential to accommodate a major percentage of the trade for the entire north-eastern region of Africa: for example, 3.2 million head of livestock were exported through the port of Berbera in 1997 and more than $100 million in annual general cargo was imported by vessel to all Somali regions from Dubai Creek. It also has the potential to accommodate a wide range of undesirable activities, from unsustainable exploitation of natural resources to more sinister arms-trafficking, piracy and terrorist operations.

The Somali maritime sector in the broadest context, including but not limited to trade and resource management, environmental and ecological issues and security concerns, can no longer be ignored by the international community without serious and perhaps long-term consequences.

Some faction and political leaders have issued fishing licences and generated considerable funds from them. Unfortunately, little of the money paid to those factions is allocated to resource management or even effective monitoring of the industry. Instead, much of the money is used to pay militias and procure arms and ammunition.

In the general environment of lawlessness that pervades Somalia, it is also not surprising that piracy and kidnapping are two other means by which local militias extort money from both the international community and the Somalis. Somali factions in the south have resorted to unsustainable and environmentally ruinous harvesting of wood for charcoal production.

The future of the arms embargo

Although the Eldoret Declaration was signed by all factions attending the conference and witnessed by the neighbouring countries, most factions have continued to both fight and import or receive weapons. It is therefore important that the sanctions regime is implemented with increased determination.

In order to efficiently strengthen the arms embargo, the international community needs to tighten the net with which violators can be caught. More successful enforcement of the arms embargo requires an alliance of Governments and Somalis to monitor violations of the arms embargo and deprive violators of any safe haven. Effective enforcement of the arms embargo not only requires interdiction of arms shipments; it should also prevent all commercial relationships and all banking activities that may be linked to arms purchases and the financing of war in Somalia, and should lead to the surrender of all looted property.

The Panel welcomes and would like to encourage and facilitate efforts made by Somalia's business and civil community and certain segments of non-Somali interest groups to support and participate in actions to strengthen the embargo and the affiliated prohibitions on the financing of arms purchases. Most notably such support has been expressed in the Declaration of Support by the members of the Dubai-based Somali Business Council and the Somali Intellectuals Association, and in letters from reputable leading currency printing companies.

The Panel believes that an effectively implemented arms embargo can cut the flows of arms to Somalia and concomitantly limit the level of armed conflict. This may then create the political space necessary for the successful completion and implementation of a Somali peace agreement. The embargo must be enforced to be effective, however. Official censure of States that violate the embargo is an important step, but continued vigorous monitoring is also necessary. Finally, the Panel also believes that it is important for the Security Council to both renew the mandate of the Panel and to implement the recommendations set out in the present report.

Introduction

General

1. In pursuance of paragraph 3 of Security Council resolution 1425 (2002) of 22 July 2002 concerning Somalia, the Secretary-General on 4 September 2002 appointed a Panel of Experts (see annex I), for a six-month period, to gather independent information on violations of the arms embargo on Somalia and to provide recommendations on possible practical steps and measures for its implementation.

2. The Panel was based in Nairobi, travelled extensively throughout the region, and visited a number of locations in Somalia. Because of security concerns, the Panel was denied permission to travel to Mogadishu.

3. In resolution 1425 (2002) the Security Council requested all States and the Transitional National Government and local authorities to cooperate fully with the Panel of Experts, including by facilitating visits to sites and actors and by providing full access to government officials and records. However, the Panel deems that a number of States, in particular Djibouti, Eritrea and Ethiopia, and the Transitional National Government, have not lent their full cooperation to its investigation.

4. The Panel of Experts consisted of Ernst Jan Hogendoorn (Netherlands), arms expert, Mohamed Abdoulaye M'Backe (Senegal), aviation expert, and Brynjulf Mugaas (Norway), regional expert. Expertise was provided to the Panel in the areas of arms and transportation, finance, maritime issues and the khat trade.

5. The Panel received much-appreciated support from numerous Secretariat departments and United Nations agencies, both in New York and in the region.

Mandate

6. On 23 January 1992, the Security Council adopted resolution 733 (1992) imposing an arms embargo on Somalia. The arms embargo, according to paragraphs 1 and 2 of Council resolution 1425 (2002), prohibits:

- The financing of all acquisitions and deliveries of weapons and military equipment
- The direct or indirect supply to Somalia of technical advice, financial and other assistance, and training related to military activities.

7. In paragraph 3 of resolution 1425 (2002), the Security Council conferred on the Panel the following mandate (see also annex II):

- Investigating the violations of the embargo covering access to Somalia by land, air and sea
- Detailing information related to violations and measures to give effect to and strengthen the arms embargo in its various aspects
- Carrying out field-based research, where possible, in Somalia, States neighbouring Somalia and other States, as appropriate
- Assessing the capacity of States in the region to implement fully the arms embargo, including through a review of national customs and border control regimes

- Providing recommendations on possible practical steps and measures for giving effect to and strengthening the arms embargo.

Methodology of the investigation

8. **Interviews**. In each country visited, the Panel interviewed government officials, diplomatic missions, officials of United Nations and other international intergovernmental organizations, non-governmental organizations, businessmen and journalists. The Panel also endeavoured to interview Somali elders, the principal faction leaders, militia members, important businessmen, and a wide spectrum of members of Somali civil society.

9. **Visits to countries**. The Panel was based in Nairobi. The members of the investigative team travelled at least once, and often more than once, to Bulgaria, Canada, Djibouti, Egypt, Eritrea, Ethiopia, France, Germany, Italy, the Libyan Arab Jamahiriya, Malaysia, Norway, Saudi Arabia, Switzerland, the United Arab Emirates, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Yemen.

10. **Field trips**. Travel into and within Somalia is both difficult and time-consuming. Nonetheless, members of the investigative team travelled to Boosaaso, Garoowe, Hargeysa and Marka in Somalia. United Nations security restrictions prevented official visits to Baidoa and Mogadishu.

11. **Case studies**. Because the arms embargo has been in place for more than 10 years, and given that the Panel's resource and time constraints would make it impossible to fairly and objectively detail all known arms transfers in violation of Security Council resolution 733 (1992), the Panel used the case study approach. Cases detailed in this report describe how, at certain periods in the conflict, Somali faction leaders were still able to obtain arms and ammunition and were able to raise revenue to pay their forces and procure other military supplies. The cases are snapshots of what was happening in Somalia, and the inclusion of specific individuals or countries should not be construed to imply that they are the only, or even the most significant (this varied over time), violators of Security Council resolution 733 (1992).

Somali names and spelling

12. The written Somali language was formalized in 1972. There are very large — and confusing — variations in the English spelling of Somali names and place-names. For the sake of clarity, the Panel has attempted to use the most common spelling of names and place-names used in international forums.

Standards of evidence

13. The Panel applied a high standard of evidence in its investigation. When possible, witnesses to violations were identified and interviewed. Credible incriminating statements are included in our findings. All other findings included in the report were substantiated by at least two credible, independent sources. Whenever possible the Panel provided those implicated with the right of reply.

Background to the current instability in Somalia

14. Somalia's governments, both democratic and military, have been plagued by general poverty, factional politics, and concerns about clan representation. Official nepotism and corruption have generally further undermined trust in the central government.

15. Somalia, because of its strategic position in the Horn of Africa, received generous Soviet military assistance from 1962 (the United States, the Federal Republic of Germany and Italy also provided aid to the Somali police force) until 1977, when the Soviet Union switched its support to the socialist regime of Mengistu Haile Miriam in Ethiopia. The Soviet Union is estimated to have delivered some $260 million in arms to Somalia from 1973 to 1977.[2]

16. Somalia also received military assistance from Egypt, the Islamic Republic of Iran and Saudi Arabia, in particular during the Ogaden War with Ethiopia (1977-1978). After 1978 — and despite the dubious political and fiscal record of the President, Mohamed Siad Barre — the United States and Western European countries, especially Italy, provided large amounts of military assistance. According to the United States Arms Control and Disarmament Agency, the United States delivered some $154 million in arms to Somalia from 1981 to 1991 and Italy delivered some $380 million from 1978 to 1982.[2] China also became a significant arms supplier to Somalia during the 1980s.

17. The security assistance, however, did little to quell the growing discontent with President Siad Barre's regime and by 1989 Somalia had descended into general civil war. The large military stockpiles, the growing military strength of the opposition movements, and President Siad Barre's desperate move to arm his own clan supporters resulted in the rampant proliferation of small arms and a population all too familiar with military weapons.

18. The Siad Barre regime finally fell in January 1991. There followed an even more intense period of inter-clan warfare and predation that destroyed most of Somalia's remaining infrastructure and administration and exacerbated a widespread famine that claimed the lives of more than a quarter of a million Somalis and prompted some 1-2 million people to flee to other parts of Somalia or across international borders. While the combatants relied mostly on stockpiles of weapons and ammunition captured from the Somali National Army, weapons were also purchased on the international arms market by various clans and were readily available from Ethiopia, which was going through a poorly organized and implemented demobilization campaign after the end of its civil war in 1991.

19. The crisis in Somalia impelled the Security Council to impose an arms embargo on Somalia and eventually authorize a United Nations peace enforcement operation in Somalia from 1993 to 1995. Unfortunately, United Nations peacekeeping forces were drawn into a difficult and protracted conflict with the Somali National Alliance (SNA) that sapped the will of the international community for peace enforcement. When the last United Nations forces withdrew in March 1995, Somalia remained divided, without a central government, and with little chance of political and economic reconstruction.

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[2] Richard F. Grimmet, specialist in national defence, *Somalia: Arms Deliveries* (Congressional Research Service, October 27, 1993), p. 2. All values are in 1993 United States dollars.

20. Wholesale asset-stripping of government-owned property — which enriched a few individuals — further decimated an already moribund economy. Factories, such as the cane-processing plant at the Juba Sugar Plantation, were systematically stripped of their machinery, which was sold by warlord/businessmen on the international scrap metal market. Moveable assets, such as government-owned Somalia Airlines aircraft and vessels of the Somali High Seas Fishing Company (SHIFCO) were appropriated by their politically appointed operators and are now run as private enterprises.

21. As to the Security Council arms embargo, since the adoption of resolution 733 (1992) there have been numerous and regular violations — by individuals, faction and political leaders, local and regional "administrations" and outside State actors. In fact, the violations are so numerous that any attempt to document and catalogue all of the activities would be pointless. Most of the onus must fall on the States that provided arms to Somalia, and on their supplier States. Some blame must also be placed on the United Nations for contributing to a perception that the embargo need not be taken seriously. In a number of instances, certain United Nations agencies had knowledge of apparent violations of resolution 733 (1992) that could have been verified and publicly reported to the Security Council Committee established pursuant to resolution 751 (1992) concerning Somalia. In one incident, in June 1992, an aircraft used for the delivery of Somali currency to Ali Mahdi was previously under contract to a United Nations agency, and still displayed United Nations markings at the time of the incident.[3] It was widely held by Somalis that the aircraft carried illegal weapons. The United Nations conducted an investigation which concluded that there were no weapons on the aircraft. The fact that the findings were never published contributed to a prevailing attitude among Somalis and others that they need not comply with the arms embargo.

22. Since the arms embargo has been consistently violated since its imposition, it has no normative value, and none of the Somali faction leaders or their regional sponsors has been held accountable; a feeling that "business as usual" will continue indefinitely prevails. On at least one occasion, apparently new weapons, uniforms and equipment were observed by the Panel in the possession of militia in the presence of the very political leadership that was denying the receipt of any arms.

23. In the face of the continuous and flagrant violations it should be stated that the vast majority of the numerous cases investigated involved relatively small amounts of arms and ammunition. Somalia's general poverty and the limited and sporadic clashes between the factions require little more. Although some faction leaders, and a few businessmen, can reportedly mobilize more than 1,000 militia members, normally fighting in Somalia is carried out by small numbers of minimally trained and poorly disciplined militia members and will not last for more than a few days — if that — before ammunition and other supplies such as fuel are exhausted.

24. Since Somalia remains a deeply impoverished country, the various warlords and faction leaders must continuously struggle to raise sufficient money to pay their militia members and obtain arms and, more importantly, ammunition. Few of the warlords maintain sufficient stocks of weapons and ammunition to fight for more

[3] Mohamed Sahnoun, *Somalia: The Missed Opportunities* (Washington, D.C., United States Institute of Peace, 1994), p. 39.

than a few days, after which they must regroup and resupply, either from the internal market — if they have money — or with deliveries from their external patrons.

25. Even though the political movements of the early 1990s were basically clan-related, they did have a political goal that could be described as national — to establish a new government for the whole of Somalia. Today these "political movements" have to a large degree been taken over by people representing not more than their own and their sub-sub-sub-clan's narrow interests.

26. In the absence of a functional central government, the Somali private sector is the major provider of public services. For example, it is largely businessmen who have supported the local Islamic courts. Any future plans for Somalia, including continued monitoring of the arms embargo, should include the participation of the Somali business community.

27. It must be added that the level of insecurity in Somalia varies tremendously by region, and at different times. For example, in the self-declared Republic of Somaliland, which is seeking independent recognition from the international community, there is relative peace and stability and the encouraging development of democratic institutions. Puntland, which seeks autonomy within a united Somalia, was also relatively stable until it was recently taken over militarily by the former president, Colonel Abdullahi Yusuf (who had questioned the legitimacy of his successor). Conversely, Mogadishu remains an acutely divided city, where warlords clash frequently and maintain tenuous control over the militias of allied sub-clans; reliable sources estimate that there may be as many as 15,000 freelance militia members in Mogadishu alone.

28. In March 2001, after extensive deliberation in Arta, Djibouti, a nominal central government, the Transitional National Government, was established, which is accredited by the United Nations and a number of regional organizations, such as the African Union and the League of Arab States, but so far enjoys little bilateral recognition. The Transitional National Government is undermined by allegations of mismanagement and corruption, riven by disputes among ministers, and exercises minimal control of territory in Mogadishu and southern Somalia.[4]

29. It should be noted that, while the Panel was conducting its investigation, the Somalia National Reconciliation Conference, sponsored by the Intergovernmental Authority on Development was, and continues, to be held at Eldoret, Kenya. The Panel is of the opinion that its recommendations to the Security Council could play a positive role in the implementation of an eventual peace agreement. It is important to recognize that all parties at the negotiations signed the Declaration on Cessation of Hostilities and the Structures and Principles of the Somalia National Reconciliation Process (Eldoret Declaration) on 27 October 2002. Article 2, paragraphs 4 and 5, of the Eldoret Declaration bound the signatories to implement fully the United Nations arms embargo for Somalia (Security Council resolution 733 (1992)), and to invite the international community to undertake field-based and remote monitoring of the arms embargo, and to guarantee their representatives unimpeded and safe access, respectively.

[4] "Corruption scandal hits transitional government", IRIN, 28 June 2001; and interview with Mohamed Ulussow, Dubai, 25 December 2002.

30. Although the Eldoret Declaration was signed by all factions attending the Conference and witnessed by the neighbouring countries, most factions have continued to both fight and import, or receive, weapons.

Arms flows to Somali factions

31. The arms market in Somalia is supplied by both external and internal sources, and to most Somalis there is little distinction between these markets. This is largely because arms, ammunition and cash are completely fungible. Warlords and individual militia members frequently sell excess arms and ammunition to local markets to raise money for the purchase of other goods, such as food and khat, and other warlords often buy these same arms and ammunition when expecting combat. Therefore, while some external supporters may supply arms directly, many of the weapons and much of the ammunition will not remain with those factions. Conversely, if other external supporters provide financial support, without adequate financial safeguards, this support can easily be used to procure arms and ammunition. The Panel was able to easily obtain a wide assortment of military ammunition from arms markets in Somalia (see annex III), and could have acquired a range of military weapons had it wished to do so.

Table 1
Local prices for weapons and ammunition in Somalia, December 2002
(United States dollars)

Weapons	
ZU-23 23 mm AAA mounted on a truck	50 000 to 80 000
37 mm AAA mounted on a truck	35 000 to 40 000
Abd. Bille land-cruiser mounted with a heavy machine gun	15 000
PKM machine gun	2 500 to 3 000
RPG-7 rocket propelled grenade launcher	500
AK-47 assault rifle	120 to 250
Makarov pistol	500
TT pistol	150 to 200
Ammunition	
ZU-23 shell	20 per round
AK-47 bullets	0.20 to 0.30 per round
PKM bullets	0.80 per round
TT pistol bullets	0.50 per round

32. An example of the breadth of the internal arms market is the warlord and businessman Mohamed Kanyare Afrah, who apparently has little external support but has been able to amass a very large arsenal of weapons by purchasing weapons

and ammunition from the arms market in Mogadishu and from officers of other factions.[5]

Pick-up trucks mounted with heavy machine guns and anti-aircraft weapons, better known as "technicals"

Trend towards greater external support

33. An important trend in Somalia is the slow but continuous decline of the Somali warlord and the concomitant rise in relative strength of the Somali warlord/businessman. Early in the 1990s, as Somalia descended into chaos, the "big" men (invariably men) were politicians, politically connected businessmen or high-ranking Somali officers who had been able to amass large personal fortunes during the corrupt heyday of the Siad Barre regime and were able to solicit cash donations from their clans or sub-clans.

34. Mohamed Farah Aideed was one such individual. A former Ambassador to India and the then military leader of the United Somali Congress (USC), he was credited with the capture of Mogadishu — seizing most of the Somali National

[5] Interviews with Mohamed Kanyare Afrah, Eldoret, Kenya, 28 October 2002, and Somalia, 22 January 2003.

Army's stockpiles of arms and ammunition, and starting an arms race with other factions (who had to procure them abroad).

35. Another example is Ali Mahdi, who was designated President of Somalia immediately after Siad Barre's demise. Ali Mahdi was able to accumulate large personal wealth and property, before and immediately after the fall of Siad Barre. For instance, according to witnesses, Ali Mahdi demanded and received $500,000 in bribes from Farah Munyah, Chairman and Chief Executive Officer of SHIFCO, in exchange for which Ali Mahdi agreed to the transfer to Farah Munyah of title to five fishing vessels previously belonging to the Republic of Somalia.[6]

36. In addition to personal gain, Ali Mahdi with his then Director General, Mohamed Haji Ali, and the then Governor of the Central Bank of Somalia, Ali Abdi Amalo, withdrew at least $10 million from a bank account based in Switzerland which had been opened by Ali Abdi Amalo while he was Director General of the Central Bank under President Siad Barre. Around 1990-1991, the Republic of Somalia had received $70 million from Kuwait as a gift. The money was deposited in Switzerland and approximately $20 million were withdrawn towards the purchase of a Boeing 720 for Somalia Airlines. The remainder of the deposit was taken over by Ali Mahdi's government. (At this time, no independent information for this account is available and the Government of Switzerland has so far not been able to locate the account or the funds.)

37. It is likely that at least part of that money was used by Ali Mahdi to purchase weapons from the international arms dealer Monzer al-Kassar (see paras. 41-48).

38. Since the mid-1990s, however, faction leaders like Ali Mahdi have declined in influence as their personal fortune apparently dwindled — or they became less inclined to use their personal money — and their clan members, especially those living abroad, were less inclined to raise money for leaders who, it became increasingly obvious, were not fighting to protect their clans but rather for power and personal enrichment.

39. As many of the earlier leaders lost influence, a new group of individuals gained increasing power in Somalia, the warlord/businessmen. According to a number of Somalia experts, much of the power behind the new Transitional National Government is wielded by a cartel of powerful businessmen who provide a range of services including security and vehicles for key members of the government, as well as engaging in battles with warlords opposing the Transitional National Government.[7]

40. Unable to raise sufficient money, a number of the faction leaders, such as Colonel Abdullahi Yusuf, Hussein Aideed, General Mohamed Said Hersi "Morgan" and Colonel Hassan Mohamed Nur "Shatigadud", have instead turned to regional sponsors. Depending on their own financial position, regional sponsors have opted to provide arms and ammunition directly, facilitate the shipment of weapons to factions they support, or provide cash.

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[6] Interviews with the Somalia Affairs Monitoring Committee, Nairobi, 15 January 2003; and Osman Ahmed Hassan, Head of Somaliland Representation to the United Kingdom, London, 4 January 2003. Mr. Munyah continues to operate the SHIFCO fleet out of Yemen.

[7] Andre Le Sage, "Somalia: Sovereign disguise for a Mogadishu Mafia", *Review of African Political Economy*, vol. 29, No. 91 (January 2002).

Case: al-Kassar, the international embargo buster, and the M.V. *Nadia*

41. The Security Council imposed the arms embargo on Somalia in January 1992. Less than six months later, Monzer al-Kassar would use his skills and connections to undermine the embargo. In a series of deals, al-Kassar and his associates were able to arrange the shipment of Polish arms and ammunition to Croatia and Somalia, both under United Nations embargo (al-Kassar's Polish conspirators are currently being prosecuted for violations of Polish arms export controls).

42. Al-Kassar had visited Poland many times since the 1980s,[8] when the then Government of Poland had been a ready source of arms for many conflicts: the Nicaraguan Contras, for example, were supplied with Polish weapons procured through al-Kassar. Over the years he had perfected the tricks of the trade used by arms dealers to evade weak arms export controls.

43. In those arms sales to Croatia and Somalia, al-Kassar's chief accomplice was Jerzy Dembrowski, then Director of CENREX, a Polish arms trading company, who had apparently first met al-Kassar when he was a commercial attaché based in Beirut in the 1980s.[9]

44. Characteristically, the first of the series of arms shipments — this one destined for Croatia — was formally destined for Yemen. In his application for an export licence, Jerzy Dembrowski had presented a signed contract from "Menzer Gaulion" (an alias for Monzer al-Kassar),[10] who had a power of attorney from the Ministry of Defence of the People's Democratic Republic of Yemen, and an end-user certificate from the People's Democratic Republic of Yemen stating that the items in the contract would not be re-exported to another State without the prior consent of Poland. The problem was that the People's Democratic Republic of Yemen had ceased to exist in May 1990, when it merged with the Arab Republic of Yemen to form the Republic of Yemen.

45. Incredibly, in a statement to the Polish prosecutor, the official who authorized the export licence claimed that the documents did not raise any doubts about their authenticity. At the time Polish authorities did not check the veracity of foreign documents with their foreign embassies.

46. The second shipment — this one intended for Somalia — did not proceed as smoothly. This time the documentation was questioned and Dembrowski was forced to find alternative official cover for the shipment. Fortunately for him, in May 1992 the Polish Ministry of Defence donated assorted military equipment to the newly created Latvian armed forces, during which time Dembrowski met Janis Dibrancs, then Chief of Procurement for the Latvian Armed Forces. Dembrowski found a willing conspirator in Dibrancs. For the Somalia deal, Dibrancs agreed to sign the contract that would allow the export of the cargo — 40 TT pistols, 1,000 PPS sub-machine guns, 301 AK-47 assault rifles, 30 RP sub-machine guns, 160 RPG-2 rocket launchers, 100 hand grenades, 3,450,000 rounds of 7.62 mm ammunition for AK-74s, and 10,000 mortar bombs — from Poland, allegedly, he claims, in exchange for surplus weapons the Latvian armed forces would receive gratis.[11]

[8] Interview with the Polish Intelligence Agency, Warsaw, 20 November 2002.

[9] Piotr Adamowicz, "Smuggling from Poland", *Rzeczpospolita* (Warsaw), 2 January 2000, in FBIS, 6 January 2000.

[10] According to Interpol, al-Kassar has had a number of aliases and false passports.

[11] Interpol.

Dibrancs claims to have informed the Latvian Minister of Defence, while the Minister of Defence states that he never saw the contract and that, even if he had, he would not have been able to read it since he does not speak English (Dibrancs is being investigated by the Prosecutor General of Latvia).[11]

47. On 10 June 1992, Polish customs authorities cleared the departure of the M.V. *Nadia* with documentation indicating that the entire shipment was intended for the Ministry of Defence of Latvia. There were two sets of forms, however, one for shipment to the Ministry of Defence of Latvia (see annex IV), the other for onward shipment. The second set (see annex V), with People's Democratic Republic of Yemen documents similar to those of the first shipment indicating the arms cargo was bound for Yemen, was with a CENREX employee who presented them to Dibrancs upon arrival to Latvia.[11] Also on board the ship, whose Captain was Antonias Bostani, was Mohamed Moallim, who told at least one member of the crew that he was a Somali armed forces officer whose task was to supervise the shipment of the arms.[12]

48. On 14 June 1992, the M.V. *Nadia* docked in Liepaja, Latvia, and off-loaded 300 AK-47s and 250,000 rounds of 7.62 mm ammunition. In Latvia, Dibrancs signed a receipt for the entire cargo, but in fact the M.V. *Nadia* departed with most of the cargo still on board for a rendezvous off the coast of Somalia. There Mohamed Moallim, the Somali officer, supervised the transfer of the cargo over the course of several nights to a new vessel, apparently a fishing vessel owned by SHIFCO, and at least part of the cargo was delivered to Adale, Somalia.[13] (Farah Munyah, Chief Executive Officer of SHIFCO, denies ever transporting arms.[14])

Ethiopia

49. Ethiopia has played an overt military role in Somalia. Not only has Ethiopia been a major source of weapons to a number of Somali groups — at first privately (early 1990s) and then later mostly Government-sponsored — Ethiopia has also invaded and occupied parts of Somalia. Ostensibly, and perhaps justifiably, the first direct military involvement of Ethiopia in Somalia, in 1996 and 1997, was in response to the activities of al-Ittihad al-Islami, including terrorist attacks (see paras. 94-96) in Ethiopia. Ethiopia's incursions crushed al-Ittihad's military capacity. Since then, however, the Government has used the threat of al-Ittihad as an excuse for Ethiopian involvement in Somali internal affairs.

50. The first identified recipient of Ethiopian Government arms and ammunition was Ali Mahdi. In 1997 he reportedly received six truck-loads of ammunition,

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[12] A copy of the official list of crew members is on file with the Panel.

[13] Interpol; and interview with a Somali involved in the transaction, Somalia, 25 January 2003. In 1996 Polish authorities suspended the arms-trading licence of CENREX and decided to initiate a criminal prosecution of Dembrowski and a number of his associates. According to the Polish prosecutor, a warrant has been issued for al-Kassar. In 1997 Latvian authorities initiated criminal proceedings against Dibrancs and his associates. In May 2000 a criminal case was brought against them, but the charges against Dibrancs were apparently dropped because of time limitations. Polish authorities have also greatly improved their arms export control regime since the mid-1990s.

[14] Interview with Farah Munyah, Aden, Yemen, 21 January 2003.

delivered to the Hotel Panorama, Mogadishu.[15] In 1997 the Ethiopian military also trained and armed more than 1,200 members of the Somali National Front (SNF) inside Ethiopia. According to Colonel Abdirizak Isak Bihi, Chairman of SNF, Ethiopia supplied his militia with an assortment of arms and ammunition.[16]

Table 2
Arms and ammunition supplied to the Somali National Front, June 1997

Type of weapon	*Number*	*Amount of ammunition*
AK-47 assault rifle	1 008	252 000 rounds
12.5 mm Browning .50 calibre heavy machine gun	9	14 850 rounds
82 mm mortar	9	450 bombs
82 mm B-10 anti-tank gun	9	450 shells
PKM/PKT machine gun	12	6 000 rounds
37 mm anti-aircraft artillery	1	1 500 rounds
23 mm anti-aircraft artillery	1	1 500 rounds

51. Colonel Bihi claims that during his alliance with Ethiopia he received in total about four times the amount of ammunition shown in table 2. Subsequent interviews with Somali experts confirm that Colonel Bihi was a close ally of Ethiopia during this time, and other interviews with Somali faction leaders close to Ethiopia indicate that these allegations are very credible.[17]

52. Ethiopia's military presence in western Somalia is significant and Ethiopia continues to provide military assistance to various factions of the Somali Reconciliation and Restoration Council. One international observer who has visited Baidoa saw ammunition boxes with Amharic writing on them in July 2002.[18] Other international observers reported seeing and even meeting Ethiopian military officers.[19]

53. Ethiopia has several times conducted fairly large-scale operations in Somalia. The first large-scale attack reportedly occurred in August and December of 1996 when Ethiopian units attacked al-Ittihad camps in the Gedo region of Somalia. According to Colonel Bihi, Ethiopian forces returned in June 1997 and established permanent bases in the Dolow, Luuq and Beledhawa districts of the Gedo region, where they remained until February 2001.[20]

[15] Interview with Abdulrahman Mohamoud Jamala "Shaft", former political adviser to Ali Mahdi, 29 October 2002; interview with a former supporter of Ali Mahdi, Eldoret, 25 January 2003; and interview in Somalia, 25 January 2003.

[16] Statement provided to the Panel by Colonel Abdirizak Isak Bihi, entitled "Ethiopian shipment of arms into Somalia through its border with Gedo region", 8 December 2002.

[17] Interviews with various Somali leaders over the course of the Panel's investigation, Eldoret and Nairobi, October 2002 to January 2003.

[18] Interview with an international observer, Nairobi, 11 January 2002.

[19] Interviews with international observers, London, 18 September and 26 October 2002.

[20] Colonel Abdirizak Isak Bihi, "Ethiopian shipment of arms into Somalia through its border with Gedo region", 8 December 2002. See also Ken Menkhaus, "Studies on governance in Gedo region", paper prepared for the United Nations Development Office for Somalia, Nairobi, 1999.

54. The Ethiopian presence in Somalia grew even more significant early in June 1999, when a small brigade of Ethiopian troops, reportedly supported by tanks, several batteries of artillery and attack helicopters, in conjunction with more than a thousand RRA militia, attacked Hussein Aideed's Somali National Alliance and forces of the Oromo Liberation Front (Ethiopian rebels) in Baidoa. The combined Ethiopian and RRA forces drove Hussein Aideed's troops out of Baidoa and effectively ended his control of much of southern Somalia.

55. Most of these forces later withdrew from Somalia, but some Ethiopian forces remained and Ethiopia continued to engage militarily in Somali affairs. One of the latest incidents occurred when Ethiopian military personnel seized two international aid officials, an officer working for Save the Children (UK) and an officer of the Somalia Food Security Assessment Unit of the Food and Agriculture Organization of the United Nations, together with their driver and two armed guards in the Somali village of Deefow, located 35 km north of Beledweyne and 10 km from the Ethiopian border. The agency personnel were on an official and routine monitoring mission to assess the food security situation in the Beledweyne district of which Deefow is part. They were released unharmed and without conditions on 9 August 2002.[21]

56. In addition to SNF, Ethiopia trained and supplied RRA. According to Sheikh Adan Madobe, the First Deputy Chairman of RRA, who recently split from and is in open conflict with the Chairman of RRA, Hassan Mohamed Nur "Shatigadud", Ethiopia began training RRA militia members at their request in 1996. This training expanded, and in August-September of 2001 seven Ethiopian military officers trained some 3,000 RRA militia members for a two-week period at a camp in Manaas, Somalia.[22] Hassan Mohamed Nur "Shatigadud" also admitted that his forces received training from Ethiopian troops.[23]

57. While both Madobe and Shatigadud denied in interviews that they ever received weapons from Ethiopia, the Panel believes this to be untrue. Shatigadud admitted in an interview with the Integrated Regional Information Network (IRIN) of the Office for the Coordination of Humanitarian Affairs of the United Nations Secretariat, that he received arms from Ethiopia.[24] Furthermore, RRA was and is a major part of the Somalia Reconciliation and Restoration Council.

58. In March 2001, Ethiopia sponsored the creation of the Somalia Reconciliation and Restoration Council during meetings at Awasa, Ethiopia, in large part to undermine the Transitional National Government, which it believed to be hostile to Ethiopian interests. Since then, Ethiopia has supported members of the Council with training and limited supplies of arms and ammunition. Hussein Aideed, who is one of the Chairmen of the Somalia Reconciliation and Restoration Council, has acknowledged that Ethiopia gives arms and ammunition to all of the Council's member militias.[25] Salad Dhere, brother of Mohamed Dhere, Chairman of the

[21] Somalia Aid Coordination Body Executive Committee, letter to Murad Musa, Ethiopian Embassy, Nairobi, 19 August 2002. On file.

[22] Interview with Sheikh Adan Madobe, Eldoret, 26 November 2002.

[23] Interview with Hassan Mohamed Nur "Shatigadud", Eldoret, 27 October 2002.

[24] "IRIN interview with Hassan Mohamed Nur 'Shatigadud'", IRIN, 4 February 2002.

[25] Interview with Hussein Aideed, Eldoret, 16 October 2002.

Jowhar Administration and another ally of Ethiopia, also admitted that his group obtained training and weapons from Ethiopia.[26]

59. General Mohamed Said Hersi "Morgan", commander of the Somali Patriotic Movement (SPM), and another member of the Somalia Reconciliation and Restoration Council, also admitted that his forces received training from Ethiopia.[27] While he denied receiving weapons and ammunition from Ethiopia, the Panel believes witnesses who contradict him. According to Ali Shire, former deputy to General Morgan, Ethiopia provided arms and logistical support to General Morgan in August 2001, when he last tried to recapture Kismaayo.[28]

60. Colonel Abdullahi Yusuf, the President of Puntland, is currently Ethiopia's most significant ally. Colonel Yusuf, who had previously been the elected president of Puntland, lost his position to Jama Ali Jama in an election he challenges. He was able to regain control of Puntland in the spring and summer of 2002 with significant military supplies furnished to his forces by Ethiopia (Jama Ali Jama also claims that Ethiopian forces participated in the campaign, but this could not be independently verified by the Panel).[29] Since then Abdullahi Yusuf apparently continues to receive regular, if limited, shipments of arms and ammunition from Ethiopia.

Case: delivery by truck of arms to Colonel Abdullahi Yusuf

61. On 16 March 2002 a shipment of arms was delivered to Colonel Abdullahi Yusuf (President of Puntland) from Gode town, near the Ethiopian border. It was delivered in four trucks and escorted by three Ethiopian Army armoured vehicles. The Ethiopian Army officer who facilitated this transfer was Major Talahum Asfaw. The shipment was received by Colonel Abdullahi Ali Mire "Arays". The shipment was delivered to the towns of Abqale and Garoowe.[30] The trucks' cargo consisted of:

- 19 B-10 anti-tank guns with ammunition
- 8 DSHK heavy machine guns with ammunition
- 55 PKM machine guns with ammunition
- 47 AK-48 assault rifles with ammunition
- 350 G-3 assault rifles with ammunition
- 10 P-9 pistols with ammunition

[26] Interview with Salad Dhere, Eldoret, 26 January 2003.
[27] Interview with General Morgan, Eldoret, 29 October 2002.
[28] Interview with Ali Shire, Eldoret, 27 October 2002.
[29] Interview with Jama Ali Jama, Eldoret, 27 October 2002.
[30] Interviews with Somali civil society and business community, Somalia, 9 to 11 December 2002.

DSHK heavy machine gun mounted on a pick-up truck (other weapons in the background)

Eritrea

62. Eritrea has been a major supplier of arms and ammunition to Somali groups. As the war between Eritrea and Ethiopia descended into a protracted and bloody stalemate, Somalia became a secondary battleground between the belligerents. Eritrea decided to support Hussein Aideed, who had assumed the position of President of USC/SNA after his father was killed in combat by snipers in Mogadishu. In return Hussein Aideed apparently promised to allow the Oromo Liberation Front to operate from bases in Somalia. Unfortunately, the hostility engendered by the war between Eritrea and Ethiopia continues, and apparently continues to motivate Eritrean support for factions hostile to Ethiopia.

63. Hussein Aideed admitted that the Government of Eritrea supported his forces in 1999. According to Aideed, the Government of Eritrea delivered three ship-loads of material to his forces in Marka, Somalia: two cargoes of military equipment and one of food[31] (see paras. 65-73). In addition, in preparation for the delivery by ship

[31] Interview with Hussein Aideed, Eldoret, 16 October 2002.

of those weapons, the Government of Eritrea also flew several plane-loads of military supplies to Aideed's forces at Balidogle airfield, near Mogadishu.

64. Hussein Aideed is now allied with Ethiopia, and reports from credible Somalis and Western intelligence agencies indicate that Eritrea currently supports the Transitional National Government and its allies.

Case: proxy war in Somalia

65. Eritrean military support to Hussein Aideed arrived both by air and by sea.

The flights

66. In 1998 and 1999 the manager of Dahla Aviation and Shipping Services, a freight-forwarding company based in Dubai, was approached by a number of businessmen acting on behalf of Hussein Aideed. One of the individuals involved was Hassan Mohamed Farah, also known as Hassan Aideed, an American citizen, and a brother of Hussein Aideed. Mr. Farah hired the services of Dahla to organize a number of air shipments of arms and military supplies.

67. On 2 July 1998, Dahla organized the onward shipment by air to Mogadishu of 4,500 sets of military uniforms, 450 pairs of boots and military belts, produced by the Huaning International Corporation, Nanjing, China, and consigned to Abdi Shakur Sheikh Hassan, Sharjah, United Arab Emirates. (The shipment had arrived at Dubai port on 30 May 1998 in 75 containers on board the M.V. *Sky Blue* from Dalian, China.)[32]

68. In January 1999 Dahla employees were again requested to organize the forwarding of a shipment, from Asmara to Mogadishu. Although the bills of lading for this shipment again mentioned "uniforms and general cargo", representatives of the forwarding agent told the Panel that the loading of the cargo in Eritrea was overseen by government officials and that the cargo consisted of boxes containing arms and ammunition.[33] Hussein Aideed admitted that these three flights contained military cargo: one of uniforms, the other two of arms and ammunition.[34]

69. According to interviews with Dahla employees, the forwarding agent Dahla was never paid for this shipment because there was some controversy over whether Eritrea or Hussein Aideed would finance the transportation. The Panel has a copy of a handwritten letter from Aideed, who signs as "the President", addressed to H.E. Petros Solomon, and copied to the attention of Colonel Tesfaldet, asking that Dahla be paid by the Government of Eritrea. The letter mentions three cargo flights of an Ilyushin 76 aircraft.

70. Flight records kept by the Civil Aviation Caretaker Authority for Somalia indicate the flights were operated by Ramaer (also known as Ram Air), a now defunct company from Chelyabinsk, Russian Federation. The Ilyushin 76, using flight call-sign RMY 4117, landed on 15, 16 and 17 January 1998 at Balidogle airfield.[35] The aircraft, although it used Ramaer call signs, was chartered from

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[32] Shipping documents for goods from Dalian, China, to Dubai, and from Dubai to Mogadishu; interview with the General Manager of Dahla, 30 January 2003.

[33] Interview, Dubai, January 2003.

[34] Interview with Hussein Aideed, Eldoret, 26 January 2003.

[35] A copy of the landing log at Balidogle airfield is on file.

Phoenix Aviation, one of the main charter companies operating flights to different airports in Somalia.[36]

The M.V. Yohana

71. A much larger quantity of military equipment was delivered by ship to Aideed's forces at Marka, a port in southern Somalia. The first shipment occurred on 15 to 20 February 1999, when the M.V. *Yohana*, which flies an Eritrean flag and is operated by the Eritrean Shipping Lines, an Eritrean State-owned company, delivered arms and military equipment to Marka. This was independently verified by the log of another vessel that put in to the port at the same time carrying relief food aid and had to wait for the lighters (barges) until the M.V. *Yohana* had off-loaded. The M.V. *Yohana*'s cargo contained three Ferret armoured cars, three BRDM armoured scout cars, and an assortment of second-hand arms and ammunition, including 3 million rounds of 7.62 x 39 mm (AK-47) ammunition.[37]

72. The M.V. *Yohana* also reportedly delivered arms and some 300 Oromo Liberation Front troops early in May 1999.[38] A third Eritrean shipment delivered food and an additional five BTR (BTR 80s and 70s) armoured personnel carriers.[39]

73. It was reported that the M.V. *Yohana* also made subsequent voyages to the Somali coast; however, the Eritrean Shipping Lines operations manager claims that there are no records available. Repeated requests to visit the vessel to examine the ship's log and requests to interview the Managing Director were disregarded by Eritrean Shipping Lines.

Yemen

74. Yemen provided a small amount of military assistance to the Transitional National Government soon after it was established at the Arta Conference. More important, Yemen also appears to be a significant private source of weapons through two conduits. First, there are reportedly high-level officials within the Government of Yemen who are willing to provide Yemeni end-user certificates and facilitate the sale and delivery of weapons to officials of the Transitional National Government (Yemeni officials deny this). Secondly, businessmen in Yemen obtain weapons and ammunition from the general population in Yemen that are then shipped to Somalia, where demand and prices are much higher.

75. According to Brigadier General Ali A. al-Sayani, Head of Military Intelligence, Yemen provided the police force of the proposed Transitional National Government with uniforms and approximately 300 to 400 small arms, mostly AK-47 assault rifles.[40]

76. Yemen has also been a significant private source of arms and ammunition. Ali Khalif Galaydh, the former Prime Minister of the Transitional National Government (September 2000-December 2001) admitted that the Transitional National

[36] Interview, Dubai, January 2003.

[37] Idem. The arrival and off-loading of the ship were confirmed in a number of interviews with people who were in Marka at that time, Marka, Somalia, 20 and 21 October 2002.

[38] Interview with Hussein Aideed, Eldoret, 16 October 2002.

[39] Idem. Hussein Aideed's militia has been observed with armoured personnel carriers.

[40] Interview with Brigadier General Ali A. al-Sayani, Sana'a, 16 December 2002.

Government procured some $600,000 of light arms and ammunition from Yemen in 2001 ($400,000 for the Government and $200,000 for private businessmen, much of it for Mohamed Deylaf).[41] While this was not an official Yemeni transaction, high-level Yemeni officials were involved in their private capacity. According to Galaydh, Djibouti also helped to facilitate the delivery by air of those weapons.[41] There are also credible allegations that this relationship continues and that Yemeni officials have provided similar assistance in other instances where arms and ammunition were procured by the Transitional National Government.

77. The smaller-scale trade in private weapons from Yemen to Somalia appears to be the principal source of newer PKM machine guns and ammunition in Somalia and a significant source of arms and ammunition for smaller factions with little or no external support, generally through middlemen.

Case: the *Alshadax* arms shipment

78. The dhow *Alshadax* (a wooden-hulled vessel that can carry up to several hundred tons of cargo), owned and operated by a Yemeni businessman, Husni Mohamed Hussein, from Ataq town in the Shabwa region of south Yemen, and skippered by Abdallah Nur Gamidi, was chartered to carry an arms shipment by two Somali brokers, Mohamud Saya Adun and Liban Yusuf Ahmed. Departing from Mukallah, Yemen, the *Alshadax* arrived on 19 August 2001 at the port of Marero Jetty, Somalia, approximately 10 km east of Boosaaso, where it reportedly delivered to two Somali businessmen, Abduladi Yusuf Bare and Kutuboweyne (nickname):

- 25 PKM machine guns with 9,500 rounds of ammunition
- 25 RPG-7 rocket launchers with 150 grenades
- 410 AK-47 assault rifles with 3,500 rounds of ammunition

The weapons were allegedly destined for the faction leader/politician Jama Ali Jama.[42]

Djibouti

79. According to local and international sources, Djibouti is also a significant trans-shipment point for weapons to Somalia, principally to the Transitional National Government. While little direct support is alleged, Djibouti officials appear to have provided false end-user certificates and helped to organize transportation for arms destined to Somalia.

80. In Bulgaria, the arms dealer Petar Bonchev was apparently involved in purchasing weapons for factions in Somalia using Djiboutian end-user certificates.[43] The Panel interviewed Mr. Bonchev, who acknowledged that in 1999 and 2000 he had been involved in what he described as "pre-negotiations" for an arms deal. Mr. Bonchev could not produce any documentation on those negotiations, but admitted that the Djiboutian end-user certificate was for approximately several thousand AK-47 assault rifles, 5 million rounds of ammunition, and an unspecified

[41] Telephone interview with Ali Khalif Galaydh, 31 January 2003.

[42] Interviews with Somali civil society and businessmen, Somalia, 9 to 11 December 2002.

[43] The information was obtained thanks to assistance from the intelligence service of one country and confirmed by Bulgarian law enforcement sources.

number of machine guns and rocket-propelled grenades. The document indicated the Djibouti police force was the end-user for these arms. Mr. Bonchev would not give the Panel the names of any other parties involved in the transaction or the buyers who came to see him in Bulgaria to purchase the arms. He told the Panel that the deal fell through because the buyers could not give him the necessary financial guarantees and because he only wanted to deal with a licensed company. Mr. Bonchev himself has no licence to sell or broker military equipment.

81. In addition, the Panel found several Djiboutian end-user certificates on the grey market. Those certificates were greatly in excess of Djibouti's small annual defence requirements (the total number of troops, including Gendarmerie, is 9,850).[44] Dealers in military equipment in several countries told the Panel that these end-user certificates are often used by so-called "street brokers" to set up grey-market deals on the basis of legal documents.[45] Many countries would therefore scrutinize the documents thoroughly or flatly refuse any orders from such countries.[46]

82. The Panel obtained one such document from Bulgarian authorities. It had been presented by Mohamed Ali Ahmed, a person who carried a diplomatic passport issued by the Ministry of Foreign Affairs of Yemen and had a letter giving him power of attorney to deal on behalf of the Military Cabinet of the Djibouti Presidency for transaction No. 61/CM of 5 April 2002. This transaction, for which an export licence was refused in Bulgaria, was "authorized" by an end-user certificate the Panel obtained (see annex VI), in which the following weapons were listed:[47]

Table 3
Djibouti end-user certificate for import of arms for the Presidential Guard

Item	*Amount*
AK-47 assault rifles	2 000
AK-47 ammunition (7.62 x 39 mm)	2 000 000
RPG-7V grenade launchers	50
OG-7V rockets (for RPG-7)	2 000
PKM [misspelled PKC] machine guns	40

83. The Panel tried to obtain more information from the businessman who carried the diplomatic passport from Yemen but was acting on behalf of the Government of Djibouti. It is likely that this person was representing a Somali faction.

[44] International Institute for Strategic Studies, *The Military Balance, 2002-3* (Oxford, Oxford University Press, 2003). Available online at http://www3.oup.co.uk/milbal/hdp/Volume_102/Issue_01/.

[45] Interviews with Petar Bonchev, Sofia, 9, 22 and 23 January 2003.

[46] End-user certificates for some countries, although not under any embargo, are sometimes handled with suspicion. Djiboutian end-user certificates are given extra scrutiny by the arms export licensing authorities of a number of countries.

[47] The end-user certificate is dated 5 April 2002.

84. In addition, the Panel obtained another Djiboutian end-user certificate, this one for the national police force of Djibouti (see annex VII). That document, dated January 2001, circulated on the black market and was offered for sale.[48] It was for an order for the following equipment:

Table 4
Djibouti end-user certificate for import of arms for the Police

Item	*Amount*
ZU-23 23 mm anti-aircraft artillery	13
API-DSK heavy machine guns	60
PKM machine guns	110

85. Clearly anti-aircraft artillery and machine guns are not police weapons, especially not in peaceful Djibouti. The Djibouti Army does have five ZU-23s.[49] In Somalia, the ZU-23 is mounted on a truck and used by the different warring factions

[48] Interview in an Eastern European country, January 2003.

[49] International Institute for Strategic Studies, *The Military Balance, 2002-3* (Oxford, Oxford University Press, 2003). Available online at http://www3.oup.co.uk/milbal/hdb/Volume_102/Issue_01/.

as "technicals" in Somalia. Panda Commerce Ltd., the contracting party for this end-user certificate, is not in the Bulgarian Register of Corporations.[50]

Egypt

86. The Government of Egypt has acknowledged providing training and uniforms to the Transitional National Government police.[51] There have also been multiple credible allegations from Somalis of intermittent military support to the Transitional National Government. The Panel did obtain from the Mogadishu arms market a box of 50 "normal cartridges" of 7.62 x 39 mm ammunition (lot 19/152/80-81) produced by the Shabra Company for Engineering Productions, Egypt. Given the nature of the conflict in Somalia, it is highly improbable that this ammunition had been imported before the imposition of the arms embargo.

Libyan Arab Jamahiriya

87. The Libyan Arab Jamahiriya donated close to $2 million directly to the President of the Transitional National Government, Abdikassim Salad Hassan.[52] The donation was ostensibly intended to pay for the operating costs and salaries of the Transitional National Government, but — like Saudi Arabia and Qatar — the Libyan Arab Jamahiriya did not require the Transitional National Government to provide a detailed account of how the money was expended.[52]

88. According to a former minister in the Transitional National Government, the Libyan Arab Jamahiriya donated uniforms to the Transitional National Government during 2001-2002.[53] It also donated 2,000 tons of rice, which was shipped through Djibouti. However, an unnamed representative of the Transitional National Government informed the Libyan Government that the Transitional National Government was unable to transport the food to Mogadishu and that the rice therefore was sold to the market in Djibouti.[53] According to well-placed sources the revenue raised by this sale was used to repay high interest loans from the businessman Mohamed Deylaf to the Transitional National Government.[54]

89. The Libyan Arab Jamahiriya has donated, further, 10 vehicles (small cars and minibuses) and 1,700 uniforms to the Presidential Guard and the Transitional National Government police force. However, these items have not yet been transported to Somalia.

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[50] A company in Bulgaria with a similar name, Panda Commerce, sold computer and office supplies and is not licensed as an arms trading company.

[51] Somalia Aid Coordination Body, Donor Report 2001, p. 22.

[52] Interview with Mohamed Taher H. Siala, Assistant Secretary for Technical Cooperation of the General People's Committee for African Unity, and Mohamed Fakhir el-Krekshi, Director of the Economic Department of the Secretariat of the General People's Committee for African Unity, Tripoli, 1 February 2003.

[53] Interview in an Arab State, 24 January 2003.

[54] Andre Le Sage, "Somalia: Sovereign disguise for a Mogadishu Mafia", *Review of African Political Economy*, vol. 29, No. 91 (January 2002).

Support from the League of Arab States

90. Assistance to Somalia from most of the members of the League of Arab States was provided in accordance with a resolution adopted by the League, in which it welcomed the Transitional National Government's efforts to achieve comprehensive reconciliation and restoration of peace and stability, and decided to offer a financial subsidy of $56 million to the Transitional National Government to assist it with its programmes to restore peace and stability to the country (much of the money pledged was apparently never donated). The resolution emphasized that member Governments would not interfere in the internal affairs of Somalia and would assist the Transitional National Government to establish friendly relations with its neighbours. Nothing was done, apparently, to safeguard against this assistance being used by the Transitional National Government to arm its militia.

91. According to a former minister in the Transitional National Government, that Government received $15 million from the Ministry of Finance of Saudi Arabia and $3 million from Qatar, which was deposited into an account at the National Commercial Bank in Jeddah.[55] The money in the National Commercial Bank account was used for running the administration of the Transitional National Government and its militia (the major expense), that is for training, equipment (not weapons), food, salaries etc. As far as the Panel was able to determine, neither Saudi Arabia nor Qatar exercised much oversight of this account to determine whether any of the money could have been used for the procurement of lethal military equipment.

92. According to the former minister, no other country paid money into the Transnational Government's account at the National Commercial Bank in Jeddah, but Kuwait gave $0.5 million to the Transitional National Government just after the Arta Conference, and the Sudan and the Libyan Arab Jamahiriya have both donated money directly to the President, Abdikassim Salad Hassan. The Sudan apparently gave $1 million to President Hassan.[55] Also according to the former minister the Sudan donated uniforms to the Transitional National Government during 2001-2002.[55]

93. According to Human Rights Watch, it appears that during the early and mid-1990s the Sudan provided assistance to the militia of the late Mohamed Farah Aideed and al-Ittihad al-Islami.[56] Ethiopia claims to have captured documents detailing al-Ittihad's external contacts, including Sudanese funding and training, during military incursions into Somalia on 8 and 9 August 1996, and again in December 1996 for a longer period.[56]

International terrorism

94. One concern about Somalia, especially after the terrorist attacks in the United States on 11 September 2001, is that because of its lack of an effective central government it could become a haven for international terrorists. At present these fears appear unrealized. While the Panel has found ample evidence that the Somali

[55] Interview in an Arab State, 24 January 2003.

[56] Human Rights Watch Arms Division, *Global Trade, Local Impact: Arms Transfers to All Sides in the Civil War in Sudan* (New York, Human Rights Watch, August 1998). Available at http://www.hrw.org/reports98/sudan/.

Islamic militant group al-Ittihad al-Islami (Islamic Unity) continues to operate in Somalia, it appears to have a largely local agenda,[57] which includes unification with other Somali-majority areas in neighbouring States. However, Somalia may, because of its lack of an effective central government and general lawlessness, become a significant transit centre for small groups of terrorists and terrorist materiel.

95. Al-Ittihad al-Islami first came to prominence in 1991 when it tried — and failed — to seize power in Kismaayo and a year later in Boosaaso. Since then, al-Ittihad has been reported to be involved in a number of assassinations and terrorist attacks both in Somalia and in Ethiopia. A number of men have been convicted in Ethiopia for membership in al-Ittihad and related terrorist offences and al-Ittihad had, at the time, claimed responsibility for a number of assassination attempts (successful and not-successful) and terrorist attacks in Ethiopia in 1996.[58] After Ethiopia responded to those attacks with military raids against al-Ittihad's bases in the Gedo region of Somalia, al-Ittihad's military strength was greatly diminished and the organization appears to have shifted most of its efforts to proselytizing and providing social services to Somalia's poor. The last of al-Ittihad's camps were abandoned after 11 September 2001, apparently because of fears of possible United States-led attacks. Al-Ittihad is now seeking power by political and economic means, and is reportedly exercising considerable influence within the Shariah courts (the only functioning courts in Somalia) and is trying to extend its influence in the business community, especially in Puntland.

96. Yet while Somalia's indigenous militant groups appear to be less of a terrorist threat than feared, Somalia, because of its lack of government and any effective border control, can serve as a transit point for terrorists and terrorist materiel. The latest terrorist bombing in Mombasa, Kenya, is a case in point (as were the earlier bombings in Nairobi and Dar es Salaam), where it appears that non-Somali terrorists, and their weapons, were easily able to transit through Somali territory on the way to their intended target.

Financing of arms purchases and military operations

97. Fighting in Somalia typically centres on the control of property or income-generating infrastructure, such as harbours, airports, markets, bridges or road junctions that can be taxed. Somalis who achieve control over large portions of property or who have secured significant sources of income acquire not only the means but also the urgent need to increase their military assets. With no effective government in place to protect property rights, armed action, by individuals and groups, is the only available recourse. Even non-political businessmen must hire and maintain militias to protect their investments, and violation of the United Nations arms embargo is deemed an unavoidable necessity for survival.

98. Even Somali nationals who live abroad are forced to pay armed guards for the protection of their property at home. Although such acts of cross-border financing of

[57] Only a few Somalis have been apprehended on suspicion of being members of al-Qa'idah, specifically four Somalis who were arrested in Peshawar, Pakistan, for suspected links to al-Qa'idah in July 2002. Matt Bryden, "Security challenges and the international dimensions of the Somali crisis," unpublished paper, September 2002.

[58] Matt Bryden, op. cit.; and Andre Le Sage, "Prospects for al-Ittihad and Islamist radicalism in Somalia", *Review of African Political Economy*, vol. 29, No. 92 (February 2002).

armed activities may be interpreted as violations of the embargo, these property owners and their actions should be distinguished from the ones whose sole intention is to perpetuate hostilities in order to enlarge their property and income streams. These are the individuals commonly referred to as warlords, and their increasingly more common cousin, the warlord/businessman.

99. While political entities, such as the African Union and the League of Arab States, and the Somali private sector have publicly manifested their willingness to fight against embargo violators, the Governments of the States neighbouring Somalia have not met even minimal expectations, including responding to Security Council resolution 1407 (2002).[59] From an economic perspective the United Arab Emirates, the temporary hub for Somalia's businesses, should be the most important ally in the fight against violators of the embargo. However, the Panel's attempts to consult with the banking oversight authorities of the United Arab Emirates and their associated law enforcement authorities were obstructed on the basis of flimsy formalities. Much more vigorous assistance by the regional State actors, in particular by the Government of the United Arab Emirates, is required to guard against violations of the arms embargo imposed by the Security Council.

Current economic situation of the warlords

100. Despite a lack of basic economic mechanisms such as the protection of property rights, law enforcement, regulatory and supervising authorities, a banking industry or even the maintenance of infrastructure and public works, Somalis have created informal systems of trade, services and some manufacturing. Given the largely lawless current environment in Somalia, these systems work relatively well. It is thanks to the entrepreneurial spirit of the Somali business community, mostly headquartered in Dubai, United Arab Emirates, that Somalia's economy has not collapsed completely.

101. However, the diligence of the legitimate merchant class is poorly rewarded by the warlords and their businessmen. In a manner not unlike the extortion practices of classic organized crime families, an ever increasing list of financial demands, tributes, "taxes", fees and security payments hamper every legitimate business venture. Such additional financial burdens undermine businesses and limit the amount businessmen are willing to invest in Somalia.

102. In some instances, the extortion schemes of the warlords contribute to the willingness of particularly hard-hit businesses, for example the transportation industry, to compensate for lost income with highly paid activities such as arms smuggling and other illegal activities. This creeping trend towards corruption and other illegal behaviour, triggered by the general lawlessness of Somalia, will be a serious problem over the long term.

103. Most legitimate and all illegitimate business activities of Somalia thrive outwith any internationally accepted standards of transparency or accounting practices. The Panel had the opportunity to review the accounting of one, presumably legitimate, Dubai-based Somali trading company. Although sales agreements, bills, and even some shipping documents have been kept by this businessman, there is no coherent and systematic record-keeping. Even the

[59] For a list of States that have replied, see S/2002/1430.

ownership structure of this particular business is based on verbal agreements, trust and the certainty that betrayal will lead to exclusion from future business opportunities. To establish an understanding of the facts and therefore to assess whether a businessman has been involved in violations of the arms embargo is possible only by interviewing and auditing all the relevant business partners of a given entrepreneur.

104. An additional complexity in Somali business life is the strong tendency to build enterprises first on the basis of clan relationships. The founding of one of the major Somali airlines with headquarters in Dubai became a realistic scheme only after the dominant businessman of the clan concerned, Mohamed Deylaf, gave his explicit support. In practice, support is more or less an acknowledgement of the right to a monopoly that is given and protected by the clan. Obviously, what the clan gives, the clan can take away. The entrepreneur is thus under tremendous pressure to please the most powerful clan members. In the case of airline operators this might mean that they are expected to provide free transportation to prominent politicians or fly cargo even if it contains embargoed items. Attempts to escape these coercive forces present unacceptable business risks. As long as the international community does not demonstrate that there are greater advantages to complying with the arms embargo, the economic realities and the power of the clan will persist as important factors for embargo violations.

105. Furthermore, the closure of Al-Barakat in the aftermath of 11 September 2001 gravely harmed the legitimate Somali business community as well as thousands of impoverished Somali families. Any future sanctions against Somalia need to take into account the resulting deep-seated mistrust of international demands for compliance, which may have unintended and deleterious effects on innocent Somalis.

Individuals of particular concern

106. In the Panel's opinion, there are scores of Somalis who deserve careful scrutiny for, among other things, violating the arms embargo. The interaction between the looting and exploitation of Somalia's resources and infrastructure and the financing of warfare becomes particularly obvious, however, in the analyses, set out below, of certain Somali individuals who exemplify this dynamic.

107. **Osman Hassan Ali "Atto"**. Osman Hassan Ali "Atto" was already wealthy and strategically well positioned when the civil war started in the spring of 1990. Since his early teens, Atto had been involved with the construction industry. He had been able to acquire trucks and heavy construction machinery, making him the only Somali capable of being a reliable contractor for construction projects by Western companies. Among the Somali country managers of international oil companies, Atto was known as "Monsieur Dozer" because of his ability to cut through the most difficult territory and establish access roads to remote sites. His monopoly made him rich and powerful long before other warlords started to ascend.

108. Atto used his capital with good political instincts. During the civil war, he provided financial backing to Mohamed Farah Aideed against Ali Mahdi only to turn away late in 1994, triggering fierce fights. Atto switched alliances several times, backed out of treaties and betrayed agreements, and with every step he was

able to expand his area of influence and his military might. During the war he was also responsible for significant asset-stripping.

109. While he can afford at a moment's notice to meddle in Somalia's power struggles, Atto and his family have the ability to live in safety outside their country. The family owns a residence at the South "C" Sungara Estate in Nairobi, and derives significant profits from a tanker-trucking company which operates from a strategically situated truck yard at Eldoret, in north-western Kenya. From there, Atto ships gasoline to Burundi, Rwanda and Uganda. This business is allegedly operated by his relatives.[60]

110. A number of witnesses have described how Atto in addition to his Somali passport uses passports from Kenya, the United States and possibly Italy. It is also alleged indirectly that Atto enjoys significant benefits of economic and political relationships with Italian interest groups.

111. Because of Atto's early affluence, he is a good example of an actor with significant illegitimate property who continues to play a pivotal behind-the-scenes role in fanning hostilities, in benefiting from the wars and in fostering conditions for large-scale violations of the embargo.

112. **Mohamed Deylaf**. In a relatively short period of time, Mohamed Deylaf became one of the most influential warlord/businessmen in Somalia.[61] He was able to accomplish this feat mainly as a protégé of Djibouti businessmen. He benefited greatly when the Djibouti businessman Abdurahman Boreh appointed him as his Mogadishu-based agent and allowed him a cut of his profitable sugar and cigarette trade.[62]

113. Deylaf's break came when he was able to provide storage facilities and warehouses to international aid organizations during the crisis in Somalia. Deylaf not only provided secure shelter for goods, he had quickly gathered sufficient financial means to provide security forces also. Ironically, Deylaf was widely seen as a "good guy", an enabler of the various humanitarian aid projects starting up in Somalia.

114. As he is the senior businessman of his sub-clan, Deylaf's consent and blessing must be actively sought by any new entrepreneur (his sub-clan also controls much of Mogadishu's business activity). Deylaf's moral support ensures a founder of a new business a certain degree of monopolistic status at least within the sub-clan. In this capacity, Deylaf's personal affluence is tightly related to and nearly indistinguishable from the fortunes of his clan members.

115. One of Deylaf's most decisive business decisions may have been to bankroll the takeover of Hussein Aideed's banknote production in Canada. By grabbing those funds, he weakened Aideed decisively, while he put his own clan on the road to political victory at the Arta Conference.

116. As is the case with Osman Atto, Deylaf is being described to the Panel as a man with free access not only to the neighbouring countries but also to the economic centres of Europe. He maintains a residence in Mogadishu, and his family controls real estate in Dubai and in European capitals. He travels with passports from a

[60] Interviews with Kenyan government officials, Nairobi, 15 and 16 January 2003.

[61] Despite repeated attempts, the Panel was unable to interview Mohamed Deylaf.

[62] Interview with Abdurahman Boreh, Dubai, 18 January 2003.

number of countries and at times has been able to obtain the endorsement of United Nations agencies for his travels abroad. None of these activities would be possible without the active acceptance and support of Western banks, more precisely their Djibouti- and Dubai-based affiliates.

117. Deylaf is an example of a dominant actor who must be considered a primary facilitator and beneficiary of the military-political struggles of Somalia. Deylaf's large militia is also a military force to be reckoned with in Mogadishu and, according to a number of Somalia experts, it provides the core of the military might of the Transitional National Government.[63]

Revenue-generating activities of warlords and businessmen

Khat

118. Khat is a plant that, when chewed, induces a mild state of euphoria and stimulation. Generally the active ingredient in harvested khat breaks down quickly, and thus the transport and distribution networks must be well organized and highly efficient. Despite the logistical difficulties, and because of the considerable margin of profit, the khat trade has emerged as one of the significant elements of Somalia's war economy.

119. The case of Somali khat expanded dramatically after the onset of the civil war: militia members typically chewed the substance to combat fear and fatigue, while many non-combatants adopted the habit as a means of coping with anxiety, uncertainty and unemployment. In time the habit has also begun to make inroads among women and young people.

120. The proximity of Somaliland to areas of khat cultivation in eastern Ethiopia ensured an abundant supply which — together with Somaliland's relative peace and stability — meant that the khat commerce did not become associated with a "war economy".

121. In southern Somalia, however, the supply routes from distant Kenya meant that the import and distribution of khat were inextricably linked to airstrips and the rival militias that controlled them. Faction leaders rapidly developed interests in the khat trade, in part because it helped to "finance their weapons purchases and keep their troops loyal";[64] some became directly involved in the import of khat while others joined relatives or business partners with established enterprises in Kenya. For example, General Mohamed Said Hersi "Morgan", military commander of SPM forces in the Juba Valley, reportedly travelled to the Nyambene region of Kenya twice during the first quarter of 1999 in order to ensure that his khat supply line was functioning properly;[64] Osman Hassan Ali "Atto", financier of General Aideed's wing of USC, reportedly acquired a stake in Bluebird Aviation during the early 1990s in order to import khat from close relatives based in Kenya. For faction leaders with control of a steady supply, the provision of militia forces with a regular khat ration proved simple and cost-effective, while helping to spread the habit and expand the market.

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[63] Interviews with Somali warlords, Eldoret, 11 and 12 December 2002, and Somalia experts, 23 January 2003.

[64] *Observatoire géopolitique des drogues*, "The geopolitical stakes of khat in Kenya", in *The World Geopolitics of Drugs 1998/1999* (Annual Report), April 2000, p. 189.

Kenya khat trade

122. Virtually all khat exported from Kenya originates in the Nyambene Hills east of Mount Kenya and is channelled through the market town of Maua. Although the domestic khat trade involves networks of both Meru and Somali traders, exports from Kenya are dominated almost exclusively by Somalis.

123. Khat destined for Somalia is packaged in the evening at Maua and dispatched overnight by road to Wilson Airport at Nairobi, where it arrives by 5 a.m. The khat is loaded on to small aircraft for transport to Somalia. The largest transporter is Bluebird Aviation, with approximately 250 flights each month to Somali destinations; next is Knight Aviation with 60 to 70 flights per month, followed by Capital Airlines with 50 to 60. Other smaller companies fly less frequently to Somalia. There are about 10 flights per day to different destinations in Somalia: 6 or 7 usually fly to Mogadishu, the remainder travelling to smaller towns like Kismaayo, Baidoa, Galkayo, Baardheere and Beledweyne. Aircraft payloads vary from 1,250 kg (Kingair) to 1,600 kg (Let). In total, Kenya currently exports between 5,000 and 7,000 tons of khat per year to Somalia.

124. According to the *Observatoire géopolitique des drogues*, the value of Kenyan khat exports to Somalia was estimated at $100 million in 1993 — a figure that has subsequently entered the conventional wisdom.[65] Preliminary research for this study suggests however that this figure may in fact be misleading since it appears to correspond to the retail price of khat at destination. When wholesale prices are taken as the point of reference (the amount received by Kenya-based exporters, inclusive of air transport), only $40 to $50 million per year is actually retained in Kenya; the remainder represents profits generated at various stages of the domestic distribution network inside Somalia.

125. Khat destined for the United Kingdom is first unloaded in Nairobi, where it is repackaged to reduce its gross weight. A small group of companies have traditionally monopolized the subsequent transport of khat to London; one such company, Ren-a-Kan, currently stands accused by others of having established itself as sole agent for exports to the United Kingdom by corrupting Kenyan government officials; the company is also alleged to be linked to Hussein Aideed.[66] Estimates of overall imports into Britain are in the vicinity of 7 to10 tons per month.

Table 5
Breakdown of cost per *mijin* (bundle) of khat from production to sale, February 2003
(United States dollars)

Destination	*Unit cost*	*Shipping costs*	*Taxes/surcharges*	*Wholesale price*	*Retail price*
Mogadishu ("special variety)	0.50	0.50	0.2	3.0	3.5-6.0
London (*kangeta* variety)	0.50*	1.25	0.35	2.5	6.0 to 8.0

* Assuming the exporter is leasing the bushes. If the exporter buys *kangeta* at market price ($2.5), it would no longer be cost-effective to export to the United Kingdom.

[65] Ibid., p. 190.
[66] Interview with a customs official, Nairobi, 28 January 2003.

Khat and the Somali conflict

126. *Transport of weapons, ammunition and troops by khat-carrying aircraft.* Since the early 1990s there have been numerous reports of khat aircraft being employed to ferry arms, ammunition and militia inside Somalia on behalf of various factions. This is hardly surprising since many airstrips are owned or controlled by faction leaders with close personal or financial links to the khat business. Reports of this nature typically pertain to the movement of military materiel and personnel within Somalia and not from Kenya or other foreign countries into Somalia.

127. *Knight Aviation.* Jama Guled Abdi ("Jama Blue"), Chairman of Knight Aviation, has acquired the reputation of providing direct logistic support, i.e., transport of weapons, ammunition and militia to faction leaders from his own Harti clan and their allies — notably Colonel Abdullahi Yusuf and General Mohamed Said Hersi "Morgan".[67] Under present circumstances, his allegiance is believed to extend to the Somalia Reconciliation and Restoration Council as a group.

128. Jama Blue is believed to have long been involved in quasi-military operations, having arranged the contract for foreign mercenaries to pilot Somali Air Force fighter-bombers during the insurgency of the Somali National Movement in the late 1980s, and providing spare parts for the same aircraft.[68]

129. Various reports present precise allegations about Jama Blue's support for factions. Colonel Bihi of SNF, then an ally of Ethiopia, alleges that in 1998 the Government of Ethiopia delivered five tons of weapons and ammunition to General Morgan in Kismaayo. According to Colonel Bihi, the aircraft for the operation were provided by Jama Blue.[69] Jama Blue rejects this accusation.[70]

130. A Somali journalist based in Baidoa, Abdullahi Hulbaale, reported that, on 31 July 2001, a Cessna aircraft belonging to Jama Blue flew militia from Galkayo to Baidoa as part of a sustained airlift operation in support of General Morgan's campaign in the Juba Valley.[71] Jama Blue acknowledges that he carried "passengers" between those two points at the time, but denies that any militia or military materiel was involved. This version of events is at odds, however, with his assertion that his aircraft returned directly to Nairobi after delivering their cargo and would "never fly additional unplanned sectors inside Somalia".[70]

131. In 1998, Knight Aviation was awarded a contract by the Ugandan Ministry of Defence to provide air transport services to Uganda Defence Forces operating in the eastern Democratic Republic of the Congo.[72] Later, three Knight Aviation aircraft were put to work in Somalia: one for daily flights to Mogadishu and one travelling to Kismaayo and Galkayo on alternate days. A third aircraft was hired by the Kenyan Ministry of Foreign Affairs late in 2002 to support the Somali National Reconciliation Conference at Eldoret.

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[67] Interview with a Somalia specialist, Nairobi, 25 January 2003.

[68] Interviews with an aircraft operator, Nairobi, 29 January 2002, and a khat dealer, Somalia, 26 January 2003.

[69] Colonel Abdirizak Isak Bihi, "Ethiopian shipment of arms into Somalia through its border with Gedo region", 8 December 2002.

[70] Interview with Jama Guled Abdi, Nairobi, 29 January 2003.

[71] Wararkii ugu Dambeeyey ee Gobolada Bay iyo Bakool: Abaabul iyo Gurmad ku jiheysan Kismaayo oo ka socda Bay, *Dalsan Newspaper*, Dalsan@freeservers.com, 1 August 2001.

[72] "Aviation MD allowed risky planes to fly to Congo", *The Monitor* (Kampala), 15 August 2001.

132. *Bluebird Aviation*. Bluebird Aviation is the largest khat-carrying airline operating into Somalia from Nairobi, with 12 aircraft and roughly 80 per cent of khat exports to Somalia. The company has long been described as being affiliated with Osman Hassan Ali "Atto", who has at times been referred to as its proprietor. However, another aircraft operator at Wilson Airport asserts that the company is owned jointly by three Kenyan pilots of Somali origin and IATA records show Colonel Hussein Farah as the General Manager.[73]

133. Early in 2001, a major khat exporter associated with Bluebird, known as Sofe, requested that another air company carry a consignment from K-50 airfield near Mogadishu to Boosaaso for Jama Ali Jama. Sofe allegedly refused to disclose the nature of the cargo and when advised that the airline company he had approached would not carry weapons or ammunition, he dropped the subject.[74] It is believed that the consignment was finally carried by Bluebird Aviation. Attempts to interview Bluebird's management for the purposes of this study were unsuccessful.

Revenues accruing from the khat trade to faction leaders and their supporters

134. By far the most significant impact of the khat trade on the Somali conflict is economic. Several major factions and authorities have a direct stake in the business, either through partnership with khat importers/exporters or by levying charges and "taxes" at points where khat enters the country.

135. In southern Somalia the earnings from the khat trade are intricately linked to the conflict. Since the closure of Mogadishu International Airport following the departure of the United Nations Operation in Somalia in 1995, a number of alternate airstrips are now used, each controlled by a different combination of political and commercial interests: Daynile (west), K-50 (south-west), Isiley (north), Jezira (south) and Balidogle (west). Most of these strips have at one time or another been employed for the import of khat. Since 2002, Daynile airfield, built and managed by Mohamed Kanyare Afrah, has enjoyed virtually exclusive rights to the khat traffic.

136. All aircraft landing at Daynile must pay landing fees: $200 for small aircraft and $700 for large aircraft. In addition, the airport management levies a "tax" of 250,000 Somali shillings ($12.5) per bag of khat. Given an average of six flights per day, carrying an average of 60 bags of khat each, revenues from khat flights to Daynile alone amount to nearly $6,000 per day or $170,000 per month.[75]

137. In order to buy off potential competitors and maintain his monopoly, Kanyare reportedly shares the revenue from his airport with two other faction leaders, namely, Osman "Atto" (25 per cent) and Omar "Finish" (15 per cent).[76]

Related contraband issues

138. An additional concern related to the khat trade is that it is associated with traffic in contraband, including illicit drugs. Khat aircraft, having discharged their cargo in Somalia, face the option of returning to Nairobi empty or carrying cargo of opportunity. This typically consists of commodities, textiles and electronics

[73] Interviews with aircraft operators, Nairobi, 27 January 2003.

[74] Interview with an aircraft operator, Nairobi, 29 January 2003.

[75] Interviews with Somali researchers and non-governmental organization personnel, Somalia, 25 January 2003.

[76] Interview with a member of Somali civil society, Somalia, 12 February 2003.

smuggled into Kenya's black market. Khat aircraft have also been known to bring passengers into Kenya illegally, avoiding immigration by landing at uncontrolled airstrips or bribing officials.

139. On 17 July 2001, a passenger travelling from Somalia on a Bluebird Aircraft was arrested for possession of heroin.[77] The passenger, Safiya Mohamed Abdi Afrah, travelling under an assumed name, is a niece of Mohamed Kanyare Afrah, whom several Governments suspect of trafficking in heroin.[78] British customs officials in Nairobi and London believe that heroin is smuggled to Somalia in ships from South Asia, for onward transport to destinations in Africa and the West.[79]

The currency scam: new Somali shilling banknotes

140. Since 1996, a number of warlords and businessmen have printed Somali shilling banknotes. These schemes may amount to one of their most prolific sources of revenue. Technically, these currency printings cannot be called counterfeits, since no authority for defining the legitimate Somali currency exists. Some warlords tried to give their currency the appearance of having an official status. In the very first printing, the Aideed faction, in one of the unsuccessful attempts to establish a national government, appointed a central banker who was authorized by self-declared "president" Husscin Aideed to order new banknotes. Witnesses report that Abdullahi Yusuf has been able to finance his operations and his militias in Puntland thanks to one of the early printings of alternative currency.

141. The reasons for currency printings are first economic and, secondly, strategic. Parties who control large amounts of local currency are able to satisfy some of their local obligations with such currency and are thus able to preserve their coveted foreign currency reserves for war-essential expenditures. Other Somalis suggest that some of the new shillings may also have been introduced as part of an economic warfare scheme aiming to destabilize whatever little credibility self-proclaimed government authorities may have possessed.

142. The exact scope and number of printings of Somali currency that were undertaken is not known. It is documented that the last order for banknotes by an official Somali Government was executed in August 1991 by the British banknote currency printer De La Rue. At least one shipment of De La Rue Somali shilling was delivered to Mogadishu in June 1992, apparently to Ali Mahdi, the unofficial successor of Siad Barre. It should be noted that in correspondence addressed to the Panel on 3 February 2003, De La Rue agreed that, in the future, the firm would contact the Foreign and Commonwealth Office in London prior to entering into commercial agreements with parties in Somalia.

143. The subsequent printings of Somali currency have all resulted from questionable representations of sovereign authority. The first attempt for which the Panel has documentary evidence and corroborating witness reports were initiated by Hussein Aideed and his central banker. The view of firms such as De La Rue or Giesecke & Devrient of Munich was that the party of Mr. Aideed lacked orderly central banking authorizations and those two companies chose not to accept the

[77] Interview with a customs official, Nairobi, 28 January 2003.

[78] Interviews with United States and Canadian diplomats over the course of the investigation, Kenya.

[79] Interview with customs officials, London, 30 January 2003.

order. Hussein Aideed and his representatives did however succeed in negotiating the production of 160 billion Somali shillings with officials of the British American Banknote Company, at the time a subsidiary of Quebecor, Montreal.[80]

144. The financing of this contract was made possible by a joint venture agreement between Hussein Aideed and Dato John Fung, Chief Executive Officer and Chairman of the Adorna Group of Companies, an investment firm based in Penang, Malaysia. Mr. Fung had entered into an elaborate agreement with Hussein Aideed with the intention of supporting the fledgling State in setting up a commercial bank and a hotel operation on a cruise ship anchored near Mogadishu to house visiting representatives of non-governmental organizations and the diplomatic corps. As an initial step towards these projects, Mr. Fung agreed to advance the costs for the production of new currency that was supposed to replace the badly worn banknotes in circulation.

145. Mr. Fung opened a letter of credit on an unidentified Malaysian bank, which British American Banknote accepted as security. According to the letter of credit, five deliveries of approximately 30 billion Somali shillings each were to be made, each at a cost of $225,000 for production only. The first shipment of 30 billion Somali shillings was delivered to Balidogle airfield in May 1997.

146. Contrary to the agreement with Mr. Fung, the currency was not used to replace old banknotes with new ones. Instead Hussein Aideed used the money for his private purposes. This move was widely criticized and Mr. Aideed elected to defer additional deliveries or was forced to stall, because Mr. Fung, feeling betrayed, cancelled his letter of credit. Left with insufficient cash, Hussein Aideed simply could no longer fund the production of the subsequent batches of banknotes. Approximately 120 to 130 billion Somali shillings were left in the storage facility of the British American Banknote Company at Ottawa.

147. At the same time, Mr. Farabadaan, commander of Balidogle airport, notified his relative, Abdi Nur Darman, the son of the former Somali representative to the United Nations, Ahmed Mohamed Darman. Abdi Nur Darman is allegedly a United States citizen. He proceeded to organize a competing group of businessmen in Somalia to obtain control of the currency. For the purpose of orchestrating this takeover, Mr. Darman allegedly contacted a former United States Congressman and lobbyist, William Grant. The lobbyist reportedly worked with the Canadian banknote manufacturer and convinced the company to change sides. By June 1999 the negotiations were successfully completed.

148. From June to September 1999, Abdi Nur Darman and his associates came into possession of approximately 130 billion Somali shillings. Given that the exchange rate early in the summer of 1996 hovered between 10,000 and 11,000 Somali shillings to the United States dollar, the issuers of 130 billion Somali shillings netted about $12.4 million in hard currency. According to Mr. Darman, his associates had been advancing the remainder of the printing costs. Quebecor, the parent company of British American Banknote, agreed to the changed terms of the original contract. Efforts by the Panel to obtain information from Quebecor were denied by Sean Twomey, the senior executive responsible for this transaction. Mr. Twomey

[80] Contract between the Governor of the Central Bank of Somalia, Ali Noor Mohamed, and British American Banknote, Quebecor Printing Inc., 18 July 1996. A copy is on file with the Panel.

explained that his reluctance to provide information to the Panel was due to liability concerns.[81]

149. Informed of these events, Hussein Aideed sent his brother Hassan Aideed to Canada in an attempt to salvage the deal. He did succeed with one shipment, and the Panel can document that Hassan Aideed, signing as Hassan M. Farah for the Central Bank of Somalia, signed an order for the charter of a flight from Ostende to Sharjah, United Arab Emirates, and from Sharjah, to Balidogle. The transport of 38 tons of currency (approximately 30 billion Somali shillings) was carried out on 3 and 4 June 1999. The payment for the charter of $127,000 was issued through a debit account of Quebecor Printing Inc. at the Royal Bank of Canada.[82]

150. Mr. Darman identified the sponsors of the takeover of the currency production as Mohamed Deylaf, Hussein Hassan Golley, Saeed Nur and Muridi Dalfac (Mr. Dalfac in interviews denied participating in any currency-printing scheme). Mr. Darman also claims that except for a small gift to Mr. Grant for his services as a facilitator no remuneration was provided. For himself, Mr. Darman claims never to have received any compensation for this deal. Other witnesses claim that considerable sums of money were paid to Mr. Grant and Mr. Darman.[83]

151. The fresh money supply upset the balance of power in Somalia. By means of the new funding obtained through their businessmen, Deylaf, Golley and Nur, the Ayr, a sub-clan of the Hawiwe, gained substantial influence and power. Consequently, other sub-clans emulated the Ayr. In a short period of time, Somali shillings were printed in huge quantities by other clans and sub-clans. Various Indonesian companies have been named as producers of Somali banknotes. The Panel has contacted the Indonesian Government Security Printing and Minting Corporation, better know as Peruri, to obtain information. The office of Mr. Kusnanmartono, President of Peruri, has not responded either to our letter or to numerous telephone requests for information.

152. Witnesses allege that Abdullahi Yusuf, Jama Ali Jama, Said Dahir, Muridi Dalfac, and others have all, at some time since 1999, placed orders to print Somali currency. It is estimated that the values of these orders range from a dozen billion to hundreds of billions of Somali shillings. It is certain that the introduction of huge amounts of illegitimate currency has enriched the perpetrators while the Somali economy, and the average Somali, has been devastated. The street value of the Somali shilling has now dropped to 22,000 to 25,000 shillings per United States dollar. An additional complexity with the introduction of new currencies is that different types of banknote are being accepted in Somaliland, Puntland, Somalia and the Juba Valley.

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[81] Telephone interview with Sean Twomey, 8 January 2003.

[82] Quebecor Printing Inc. memorandum, 3 June 1999; air charter agreement, 3 June 1999; and receipt of bank transfer, 3 June 1999. Copies are on file with the Panel.

[83] Interviews with the Somalia Affairs Monitoring Committee, Nairobi, 15 January 2003; expatriate Somali businessmen in Dubai, London and Toronto, January 2003; and Somali warlords, Eldoret, 11 and 12 December 2002.

Additional income-generating activities

Taxes and tolls

153. Warlords impose stiff taxes and tolls on a multitude of pretexts. The most common levy is raised from the inhabitants of areas controlled, and allegedly protected, by a warlord. Users of public facilities are also subject to taxation and random fees are added according to the financial needs of the warlords. The funds raised amount to a very large income that relates in no realistic way to any services or maintenance expenses, which in most cases are not provided.

154. An example of the random taxation system is the Isiley airstrip (Mogadishu North) built and controlled by Bashir Rage. The 2,300 m-long airstrip, with no lighting installations, no fuelling, no cargo storage facility and one small terminal building, was built by Mr. Rage with financing coerced from prospective users of the airport. Future users were reportedly compelled to pay between $3,000 and $20,000.[84]

155. Once operational, charges are applied per use. One Somali air carrier for which the Panel was able to review payments is assessed on a regular basis a landing fee of $300, a per flight security fee of $200, a per passenger tax of $20 and a per kilogram outgoing cargo tax of $0.15.[84]

156. For an air carrier providing twice-weekly service to Mogadishu North, these payments amount to yearly expenses in landing and security fees of $52,000 (based on an average passenger load per flight of 90 people), passenger fees of $187,000, and cargo fees of $156,000 (based on average cargo of 10 tons per flight). The total yearly cost to the flight operator amounts to some $395,000 just for one flight service. It is estimated that Mr. Rage's airport operations generate revenues close to $1.2 million.

157. The Panel has also learned that contrary to arrangements made between the International Civil Aviation Organization (ICAO) and the United Nations Development Programme for the regulation of Somalia's airspace under the Civil Aviation Caretaker Authority for Somalia, overflight fees have been collected by representatives of the Transitional National Government from certain airlines whose owners are supporters of that Government. In one case the Transitional National Government collected approximately $2,000 per month in overflight charges from this one company. It should be noted that, under the ICAO agreement, all carriers using Somalia's airspace are billed via IATA. In this particular case the air carrier simply ignored the IATA invoices and is paying the Transitional National Government while of course still relying on the air traffic support of the Civil Aviation Caretaker Authority.[85]

158. At this time it is not clear to the Panel how many air carriers or charter firms have been compelled to pay overflight charges to the Transitional National Government.

[84] Interview with the Somali operators of an airline company, Dubai, 23 and 24 January 2003.

[85] Copies of receipts issued to Juba Airlines are on file with the Panel.

Sale of Somali "fishing licences"

159. All the attempts at managing the Somali fisheries have resulted in a great deal of money — millions over the past 10 years — being paid into the private hands of faction leaders, allowing for personal enrichment and to some extent the payment and resupply of private militias.

160. The Somali coast, and the area that could be described as the Somali Exclusive Economic Zone, comprises one of the richest fishing grounds in the region. Without any effective authority in place to control this resource, many vessels from a variety of countries continuously harvest catches without limit and beyond sustainability. Since 1993 there have been several attempts to make this industry regulate itself. Fishing licences have been issued on behalf of faction and political leaders, for whom considerable funds have been generated. Little of the money paid to them is allocated to resource management or even effective monitoring of the industry. Instead, much of the money is used to pay militias and procure arms and ammunition.

161. Any control and management of coastal fishing is exercised through ad hoc action by coastal communities that amounts to, or borders on, piracy. One exception deserves mention. For a brief period a for-profit private organization, the Hart Group, entered into an agreement with the Puntland State of Somalia to provide training, equipment, monitoring and enforcement of the fishing grounds off the Puntland coast. The provision of this service was to be funded from the sale of fishing licences and fines collected for illegal fishing. The venture ultimately failed, primarily because of internal political differences among members of the local administration with regard to the sharing of the revenue generated.

162. Over the past few years, several resource management experts have studied the potential of the Somali fishing industry. The conclusions have been that, given the unique stateless situation facing Somalis and the unwillingness of any foreign power to intercede, the concept of a "self-regulated" industry managed by private enterprise should be considered. The problem of the distribution of proceeds and the reluctance to reinvest any of the funds in the management of the resources is usually where the concept breaks down. According to an employee of MacAlister Elliot, the firm that ran Africa Fisheries Management (AFMET), one such "self-regulated" service, generated revenue totalling between $600,000 and $1million per year from 1996 to 1998, which dwindled to about $300,000 in 2002.[86] The proceeds were paid through AFMET to the account of Hussein Ali Ahmed (the "Mayor of Mogadishu") and distributed by him to Hussein Aideed, Ali Mahdi, Abdullahi Yusuf, Mohamed Abshir and General Morgan.

Piracy

163. The Horn of Africa has become a haven for pirate activity, several major incidents occurring each year. These are usually unrelated actions perpetrated against merchant and pleasure craft that simply stray too close to the Somali coast. The perpetrators are, for the most part, known to the Somali clan and political leaders. Pirate action against shipping — the "defence" of the Somali coast against illegal fishing notwithstanding — remains a profitable and virtually risk-free

[86] Interview with MacAlister Elliot and Partners, Lymington, United Kingdom, 6 and 7 January 2003.

activity. Local administrations are incapable of preventing these actions and generally become involved only to negotiate the release of captured personnel and equipment: release usually involves the payment of ransom, and of commissions to the actors involved in the release. Funds generated in this manner are then used, at least partially, to pay militia members and re-equip and re-arm.

164. Pirates who operate out of known locations are poorly equipped and armed, by Western military standards. Legitimate naval forces operating around the Horn of Africa have not taken action despite international agreements on piracy interdiction.

***Case: the boarding and capture of the M.V.* Panagia Tinou**

165. On 18 June 2002 the 22,000-ton Greek-flagged vessel M.V. *Panagia Tinou* and her crew were taken by Somali pirates while attempting engine repairs west of Socotra Island, Yemen, between 30 and 50 miles north of the Somali coast. She immediately placed an international call for assistance which was monitored by foreign naval forces operating in the region. The pirates ordered the crew to sail close to the coast of Alula, Somalia, (approximately 8 miles out) and anchor. A request for ransom was relayed to the shipowners and negotiations ensued. On 2 July 2002 a ransom of $400,000 was paid through an account in a bank in Djibouti and then transferred through a Somali money transfer agency, Dahabshaiil, to the Somali port town of Boosaaso. Sultan Sied Saleh of Alula received the money. The vessel and crew were then released.[87]

166. This incident was remarkable not only for the speed and efficiency with which the ransom demands were made and met but also for the fact that the incident occurred almost entirely in the presence of foreign naval forces which escorted the vessel out to sea upon its release. All of the actors — gunmen/crews, negotiators, recipients of the ransom, leaders of the community that supports this activity — and their whereabouts are well known. The fact that these pirates continue to act with impunity is an excellent illustration of the lawless nature of the Somali situation and the almost complete disregard on the part of the international community for the actions of Somali criminals.

167. The Panel believes that the Somali maritime sector in the broadest context — including but not limited to trade, resource management, environmental/ecological issues, security/piracy, aids to safe navigation and search and rescue — can no longer be ignored by the international community without serious and perhaps long-term consequences. Immediate action is required.

168. The Somali coast has the potential to accommodate a major percentage of the trade for the entire north-eastern region of Africa (for example, 3.2 million head of livestock were exported through the port of Berbera in 1997 and more than $100 million in general cargo was imported by ship to all Somali regions from Dubai Creek). It also has the potential to accommodate a wide range of undesirable activities — from unsustainable exploitation of natural resources to more sinister arms-trafficking, piracy and facilitation of terrorist operations. Therefore an

[87] Interview with the Piracy Section of the International Chamber of Commerce, London, 9 January 2003.

international caretaker authority — similar to the Civil Aviation Caretaker Authority which manages the skies over Somalia — should be seriously considered.[88]

Kidnapping

169. Local militia leaders and some businessmen, particularly in Mogadishu, have resorted to kidnapping to extort money from the international community, businessmen and Somalis. This has significantly raised the cost of doing business in Somalia, both for the international community and businessmen, and increased insecurity for ordinary people, particularly in Mogadishu where kidnapping is widespread.

Charcoal

170. A significant source of revenue for the leadership of the Juba Valley Alliance is the sale of charcoal to the Gulf States. According to reports, some 1 million 25-kg bags of charcoal are exported monthly through the port of Kismaayo.[89] While this trade does earn some needed revenue for Somalis in the area, the majority of the profit is retained by militia leaders and the trade is causing tremendous environmental damage.[90] If this trade is not monitored and controlled it may devastate the environment of southern Somalia.

Intelligence agencies

171. According to interviews with a number of warlords and international observers, since 11 September 2001 a number of western intelligence agencies have become frequent visitors to Somalia. While this is understandable, especially given concerns about terrorism, these agents obtain much of their information by paying informants — mostly faction leaders such as General Morgan, Hussein Aideed and Mohamed Dhere — large amounts of money for questionable intelligence. As has been indicated before, cash, in particular hard currency, can quickly be converted into arms and ammunition.

Observations and recommendations for an enhanced arms embargo on Somalia

172. Many of the broader issues that the Panel has observed are here presented, together with the most relevant recommendations. While the interrelation of these issues with violations of the arms embargo may not immediately be apparent, the Panel views them as root causes that invite further investigation before appropriate actions can be defined.

173. As the arms embargo has been consistently violated since its imposition, it has no normative value, and none of the Somali faction leaders or their regional

[88] A Caretaker Authority for the Somali Coast was first proposed by the joint mission of experts in 1998 (IMO, UNCTAD, UNDP, FAO, UNEP, IUCN) and should be re-examined in the light of world events.

[89] "Somalis face vicious cycle of poverty and desertification", UNDP Somalia, 18 June 2001.

[90] A bag that costs $3 in Somalia sells for $10 in Saudi Arabia or Dubai, the two primary markets for exports. Andrew Maykuth, "Somalia is sacrificing its trees for profit", *Seattle Times*, 24 March 2002.

sponsors has been held accountable; a feeling that "business as usual" will continue indefinitely prevails. However, rather than focusing on the past and in the interest of furthering the current peace process, the Panel believes that the Security Council Committee established pursuant to resolution 751 (1992) should send a clear signal that from now on the arms embargo will be enforced more vigorously and that all future violators will be sanctioned.

174. Recommendations for strengthening the sanctions are structured in four groups and are designed to improve arms export controls and deprive embargo violators of the financial, travel and diplomatic privileges they currently enjoy. Finally, in order to ensure that sanctions are imposed fairly, the Panel proposes that its mandate be renewed to allow it to investigate further and to refine measures for curbing violations of resolution 733 (1992).

175. The Panel concludes that only comprehensive and concerted actions by the Security Council will pave the way to increased compliance with the arms embargo. An effective arms embargo must include, inter alia:

- A Somali-based effort designed to assist in identifying and impeding violators of the embargo
- Sustainable and incremental efforts by international and regional organizations to provide support to frontline States in implementing the arms embargo
- Strengthening the investigative and monitoring tools available to the sanctions Committee

Somali assistance efforts

176. Positive changes have to come from Somali society and from the Governments of the frontline States. The international community under the leadership of the Security Council can assist not only in forcefully affirming and strengthening the prohibitions against the selling, financing and transporting of weapons and military equipment but also in carefully broadening the scope of prohibited activity.

177. The Security Council may wish to take note of the efforts of the Somali civil and business community. Most notably, such support has been expressed in the Declaration of Support both by the members of the Dubai-based Somali Business Council and by the Somali Intellectuals Association, who not only have actively endorsed the existing resolution 733 (1992) but are also offering their help in identifying violators of the embargo.

178. Because no effective government administration has existed for more than 12 years over large areas of Somalia, there is a great risk that remote regions will be utilized by international terrorist organizations or for other illegal activity. The Panel recommends the establishment of regulatory caretaker agencies. The most urgent needs concern the expansion of the existing mandate of the Civil Aviation Caretaker Authority for Somalia, the creation of a Somalia Airspace Authority and the establishment of a Maritime Administration Caretaker Authority for Somalia. These caretaker functions may be organized with the assistance of the Secretary-General in cooperation with specialized international organizations, such as the International Maritime Organization and ICAO.

179. Additional urgent needs may be addressed in coordination with emerging local Somali administrations and bilateral or multilateral partners. Opportunities for such cooperation exist in the following areas:

- Customs inspection and enforcement to detect and deter acts which threaten security in the maritime transport sector
- Port and coastal security, as envisaged in memoranda of understanding on flag State and port State control, or the recently adopted International Ship and Port Facility Security Code
- Communications
- Search and rescue
- Environmental protection and response to emergencies

180. Possible future action may also involve the creation of a Somali Fiduciary Fund by an intergovernmental organization through which further looting of the approximately $4 to $5 billion of assets belonging to the Somali nation can be prevented and reversed. Since warlords, businessmen and their supporters have already illegally appropriated most of these assets, a concerted effort may be advisable to impede access to funding sources that have been used for violations of the arms embargo.

Integration of frontline States

181. To ensure the full implementation of the arms embargo by the frontline States (Djibouti, Eritrea, Ethiopia, Kenya and Yemen), the African Union, the League of Arab States and other States should be invited to actively assist those countries in incorporating into their national legislation, administrative guidelines and regulations all the relevant modifications, including strengthening border and customs controls, required to fulfil all treaty obligations arising from the embargo. Assistance may also be provided in the areas of enforcement of the embargo, of timely sharing of all information related to violations of the embargo and responses to investigative requests, disclosures of relevant documents and active cooperation and access to personnel and sites. It may be desirable, further, to encourage the frontline States to publish regular reports about actions taken to implement and support the embargo.

182. A supplementary regional effort may include the formulation of a system under which national operating licences granted to air and maritime carriers, banks and operators of remittance systems, and registrations of aircraft, motor vehicles and ships can be revoked by the issuers of the licences if they are found to be used in violation of the arms embargo.

183. Member States may be requested to consult with the sanctions Committee prior to entering into any development agreements with the frontline States, in order to confirm full compliance by the frontline States with the arms embargo.

Somali monitoring-assistance efforts

184. The feasibility of a Somali monitoring-assistance effort in conjunction with regional and international organizations and States should be explored.

185. The Panel proposes to explore monitoring mechanisms that integrate security resources deployed in the region with local and international economic partners. The Panel favours continuing monitoring of full compliance with the letter and the spirit of the embargo by relevant United Nations agencies, non-governmental organizations, international and intergovernmental organizations, States, Somali regional authorities, Somali factions, including the Transitional National Government, individuals and their affiliated entities.

186. The Security Council may wish to request the sanctions Committee to consider working towards formulating a response to the request of leading banknote printers who wish to design measures to ensure that future orders for the printing of Somali shilling banknotes will be accepted only from the appropriate parties in Somalia.

Recommendations

Improve arms export controls

187. As is apparent for the Panel's investigation, end-user certificates continue to be a weak-point in arms export controls. Therefore, in order to prevent the forging and abuse of end-user certificates, and to assist arms export control authorities, the Panel proposes that the United Nations create an Internet-based register of government officials — including examples of their certified signatures — who are authorized to sign end-user certificates. National procedures should also be developed to control the issuance and scrutiny of end-user certificates.

Financial sanctions

188. Given the widespread disregard for the arms embargo, the Panel proposes that the Committee established pursuant to resolution 751 (1992) draw up a list of individuals who are deemed to be in clear violation of the embargo. Listed individuals may be subject to a freezing of all funds and other financial assets or economic resources, as well as the funds and other financial assets or economic resources of groups, undertakings and entities, including funds derived from property owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction. States should ensure that neither these nor any other funds, financial assets or economic resources are made available, directly or indirectly, for such persons' benefit, by their nationals or by any person within their territory. Additionally, States may be asked to revoke all business licences and any other certificates or titles that enable those individuals to remain economically active. The United Nations and its agencies may also consider cancelling current agreements with these individuals.

Travel ban

189. As a further intermediate step towards strengthening the sanctions regime, the Panel proposes a targeted travel ban, which might include a temporary revocation by the issuing State of all passports and other travel documents. This step may be warranted in cases where individuals are found to be in violation of the arms embargo and where financial sanctions are not likely to have the desired effect of stopping future violations.

Diplomatic sanctions

190. Where individuals are closely affiliated with political institutions and where these individuals are found to systematically violate the embargo, the United Nations may consider the revocation of all representative privileges with the United Nations and its agencies.

Extension of the mandate of the Panel of Experts

191. In the past six months, the Panel of Experts has been able to identify key factors that contribute to ongoing and blatant disregard of Security Council resolution 733 (1992). The scope of the task requires:

- Further investigation of persistent violations of the embargo, including identification of violators and their supporters
- Determination to organize a Somali-based effort designed to assist in identifying and impeding embargo violators, with the assistance of already deployed military and law-enforcement resources of the Member States

192. The Panel proposes the extension of its mandate for six months, and that it be based in New York, with the appropriate expertise to fulfil the mandate set out in resolution 1425 (2002) and other expertise as necessary to perform the functions indicated by the recommendations contained in this report that may be adopted by the Security Council.

Annex I

Letter dated 22 August 2002 from the Secretary-General addressed to the President of the Security Council*

I have the honour to refer to resolution 1425 (2002), adopted by the Security Council on 22 July 2002, concerning Somalia. Paragraph 3 of the resolution requests that I establish within one month from the date of its adoption a Panel of Experts consisting of three members, to be based in Nairobi for a period of six months. Its purpose would be to generate independent information on violations of the arms embargo on Somalia and to provide recommendations on possible practical steps and measures for implementing it.

Accordingly, I wish to inform you that, after consultation with the Security Council Committee established pursuant to resolution 751 (1992) concerning Somalia, I have appointed the following experts:

Mr. Ernst Jan Hogendoorn (Netherlands)

Mr. Mohamed Abdoulaye M'Backe (Senegal)

Mr. Brynjulf Mugaas (Norway)

I should be grateful if you would bring this matter to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

* Previously circulated under the symbol S/2002/951.

Annex II

Mandate

Security Council resolution 1425 (2002)

The Security Council,

...

Acting under Chapter VII of the Charter of the United Nations,

1. *Stresses* that the arms embargo on Somalia prohibits financing of all acquisitions and deliveries of weapons and military equipment;

2. *Decides* that the arms embargo prohibits the direct or indirect supply to Somalia of technical advice, financial and other assistance, and training related to military activities;

3. *Requests* the Secretary-General to establish, within one month from the date of adoption of this resolution, in consultation with the committee established by resolution 751 (1992) of 24 April 1992 (hereinafter referred to as "the Committee"), a Panel of Experts consisting of three members to be based in Nairobi for a period of six months, in order to generate independent information on violations of the arms embargo and as a step towards giving effect to and strengthening the embargo, with the following mandate:

- investigating the violations of the embargo covering access to Somalia by land, air and sea, in particular by pursuing any sources that might reveal information related to violations, including relevant States, intergovernmental organizations and international law enforcement cooperation bodies, non-governmental organizations, financial institutions and intermediaries, other brokering agencies, civil aviation companies and authorities, members of the Transitional National Government, local authorities, political and traditional leaders, civil society and the business community;
- detailing information in relevant areas of expertise related to violations and measures to give effect to and strengthen the arms embargo in its various aspects;
- carrying out field based research, where possible, in Somalia, States neighbouring Somalia and other States, as appropriate;
- assessing the capacity of States in the region to implement fully the arms embargo, including through a review of national customs and border control regimes;
- providing recommendations on possible practical steps and measures for giving effect to and strengthening the arms embargo;

.... .

Annex III

Ammunition obtained from various arms markets in Somalia

(December 2002 to January 2003)

7.62 x 54 mm, R
Headstamp 60/84 Russia

7.62 x 54 mm
Headstamp 60/84 Russia — reportedly from the Libyan Arab Jamahiriya

7.62 x 51 mm
Headstamp FN/74/⊕ FN Herstal, Belgium

7.62 x 51 mm
Headstamp 10/70 Bulgaria

7.62 x 39 mm
Headstamp 04/79 East Germany — reportedly from the Libyan Arab Jamahiriya

7.62 x 39 mm
Headstamp 661/72 China — reportedly from Russia/Ethiopia

7.62 x 51 mm
Headstamp 7.62 x 51/97 Poland

7.62 x 39 mm
Headstamp 61/91 China

7.62 x 39 mm
Headstamp Arab Egypt

7.62 X 51 mm
Headstamp FNM/92-3/⊕ Portugal

7.62 x 54 mm, R
Headstamp 10/88 Bulgaria

7.62 x 54 mm, R
Headstamp 60/88 Russia

7.62 x 54 mm, R
Headstamp 10/75 Bulgaria

7.62 x 54 mm, R
Headstamp 188/70 Russia

12.7 x 108 mm
Headstamp 188/89 Russia

14.5 x 114 mm
Headstamp 17/*/85/* Russia

23 mm
Headstamp 184/72 Russia

Annex IV

za zgodność 4247
4248
WICEDYREKTOR DEPARTAMENTU
Janusz Rostrzewa

LATVIJAS REPUBLIKAS

AIZSARDZĪBAS MINISTRIJA

To whom it may concern

June 1. 1992

This is to certify that the goods under the contract NO 96633/2/0020/E specified in appendix NO 1 to this contract are for exclusive use of Ministry of Defence of Republic of Latvia and can not be re-exported to the other countries.

Minister T.Jundzis

LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA

TŁUMACZENIE NA KARCIE 766

WIDZIANO
w Wydziale Konsularnym
Ambasady
Rzeczypospolitej Polskiej
w Rydze
Ryga, dnia 02.06.1992 r.
Poz. Rej 72/29/92

AMBASADA POLSKA

Za Ambasadora
Paweł Ostrowski
II Sekretarz

PROKURATURA OKRĘGOWA W GDAŃSKU

Potwierdzam zgodność tłumaczenia z okazanym dokumentem
Gdańsk, dnia 09.01.03
Joanna Rydzewska

Annex V

4356

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
MINISTRY OF DEFENCE

جمهورية اليمن الديمقراطية الشعبية
وزارة الدفـــاع

Ref : M/D 20/2

Date : 15th. April 1992

المرجع : م - د - ٢٠/٢

التاريخ : ١٥ نيسان ١٩٩٢

(TO WHOM IT MAY CONCERN)

END USER CERTIFICATE

za zgodność
WICEDYREKTOR DEPARTAMENTU
Janusz Kostrzewa

The Consigned goods under Contract No (96633/2/8014/E)
Are for use soleley by Republic of Yemen, for the
Ministry of Defence- and will not be re-exported or
resold or disposed of outside Yemen without prior-
written approval by the supplying government.

With Best Regards

MINISTRY OF DEFENCE

ADEN

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN • MINISTRY OF DEFENCE •

kopia zgodna z oryginałem.
Kwitnął odbiór oryginału.
22.05.1992.
Lubański

Potwierdzam za zgodność
Gdańsk 09.10.92
SPECJALISTA
Joanna Wyszowska

Annex VI

REPUBLIQUE DE DJIBOUTI

UNITE – EGALITE – PAIX

PRESIDENCE DE LA REPUBLIQUE

CABINET MILITAIRE

N° - 61 /CM——
Djibouti, le 05/04/2002

- END USER CERTIFICATE –

This is to certify that the goods specified as follows, purchased by the ***REPUBLIC OF DJIBOUTI*** _are for the sole and exclusive use of ***THE PRESIDENCY GUARD*** _ the Ministry of Defence hereby undertakes not to re-export or allow the re-export or sell the goods to any other country, or give it or allow it to be given, or alienate it or allow it to be alienated to any other party or country outside the borders of _ ***REPUBLIC OF DJIBOUTI.*** The importation of these goods is therefore also approved by the government of ***DJIBOUTI.***

List of Goods :

1. Assault rifles "AK-47" cal. 7.62x39mm – 2000 PCS
2. Ammunition 7,62x39mm – 2 000 000 PCS
3. Granate launcher "RPG 7V" – 50 PCS
4. Rockets "OG 7V" - 2000 PCS
5. Machine gun "PKC" cal. 7.62x54mm – 40PCS

duly authorised in terms of law to issue and sign this End User Certificate in __DJIBOUTI__ on this __APRIL__day of ___5___2002.

SIGNATURE
DIRECTEUR DE LA SECURITE NATIONALE

SIGNATURE
AUTHENTIFICATION

Annex VII

FORCE NATIONALE DE POLICE PHONE NO. : 00253351396 Jan. 27 2003 08:13:41 PM

REPUBLIQUE DE DJIBOUTI
UNITE - EGALITE - PAIX

MINISTERE DE L'INTERIEUR

FORCE NATIONALE DE POLICE

Djibouti, le 24 JAN 2003

N/ref: 724 /FNP/ 911

POLICE

جمهورية جيبوتي

وزارة الداخلية

قوات الشرطة الوطنى

جيبوتي ٢٠٠٣/١/٢٥

قائد العام للقوات الشرطة الوطنى

LE COLONEL ALI HASSAN
Chef d'Etat-Colonel de la Force Nationale de Police

A

TO WHOM IT MAY CONCERN
END USER CETIFICATE

THE FORCE NATIONAL POLICE OF THE REPUBLIQ DJIBOUTI STATE OF DJIBOUTI CERTIFICATE THAT THE FOLLOWING ITEMS ARE ORDERED FROM M/S PANDACOMMERCE LTD.COMPANY, STATE SOFIA, BULGARIA AS PER TERMS AND CONDTTONS OF THE CONTRACT NO: DJI/ POL/ 2001/18 AND THE CONCERNED ITEMS SHALL NOT BE TRANSFERRED TO ANI OTHER THIRD PARTI.

ITEM	DESCRIPTION OF GOODS	QUANTITY
1.	ZU 23- 2-23mm.	13 PCS.
2.	API -DSK-12.7mm.	60 PCS.
3.	PKM- 7.62mm.	110 PCS.

RECARDS.

LE COL[illegible] ALI HASSAN
CHEF D'ETAT-[illegible] DE LA F.N.P.

Annex VIII

Principal Somali groups participating in the Eldoret Conference (as of January 2003)

Transitional National Government

Leadership

Abdi`kassim Salad Hassan, President (Hawiye:Habr Gedir:Ayr:Absiye)

Hassan Abshir Farah, Prime Minister (Darood:Majerteen:Isse Mahmoud)

General Mohamed Nur Galal, Commander Armed Forces (Hawiye:Habr Gedir:Ayr)

Mohamed Deylaf, financier (Hawiye:Habr Gedir:Ayr:Absiye)

Abdalla Derow Isaaq, Speaker of Parliament (Mirifle/Geledle)

Area of control

Controls some parts of Mogadishu.

Puntland State of Somalia

Leadership

Abdullahi Yusuf (Darood:Harti:Majerteen:Omar Hahamud), President of Puntland

Area of control

Currently controls most of Puntland.

Juba Valley Alliance

Leadership

Colonel Barre Hirale, Co-Chairman (Darood:Marehan:Reer Dini)

Aden Serrar, Co-Chairman (Hawiye:Habr Gedir:Ayr)

Area of control

Controls the east bank of the Lower Juba River Valley and lucrative port city of Kismaayo.

Rahanweyn Resistance Army

Leadership

Hassan Mohamed Nur "Shatigadud", Chairman (Mirifle:Siyeed:Hariin), also claims to be president of the State of South-West Somalia

Area of control

Control of Baidoa is currently contested with former deputies Sheikh Adan Madobe and Mohamed Ibrahim Habsade. Apparently still controls Bay region.

Opposition group within the Rahanweyn Resistance Army

Leadership

Sheikh Adan Madobe (Mirifle:Sagaal:Hadama), First Deputy Chairman of RRA

Mohamed Ibrahim Habsade (Mirifle:Siyeed:Leysan), Second Deputy Chairman of RRA

Area of control

Control of Baidoa is currently contested with Hassan Mohamed Nur "Shatigadud", Chairman of RRA. Strong support in Bakool region.

Jowhar group

Leadership

Mohamed Omar "Dhere" (Hawiye:Abgal:Harti:Warsangeli), Governor of Middle Shabelle

Area of control

Middle Shabelle region, including Jowhar city, except Balcad district, which is controlled by Musa Sudi.

Left the Transitional National Assembly because his request to be appointed as minister was rejected.

Mohamed Kanyare Afrah faction

Leadership

Mohamed Kanyare Afrah (Hawiye:Murosade), Chairman of USC

Area of control

Daniyle and Bermuda districts of Mogadishu.

Osman Hassan Ali "Atto" faction

Leadership

Osman Hassan Ali "Atto" (Hawiye:Habr Gedir:Saad), Chairman of USC/SNA

Area of control

Some territory around the K-4 area in Mogadishu.

Mohamed Omar "Finish" faction

Leadership

Mohamed Omar "Finish" (Hawiye:Abgal:Daud), Chairman of USC/Somali Salvation Army

Area of control

Most of the Medina district in Mogadishu.

Hussein Aideed faction

Leadership

Hussein Aideed (Hawiye:Habr Gedir:Saad:Reer Jalaf), Chairman of USC/SNA, Chairman of SNA, and Chairman of the Somali Reconciliation and Restoration Council

Area of control

Controls a few blocks around Villa Somalia, the former seat of government.

Musa Sudi "Yalahow" faction

Leadership

Musa Sudi "Yalahow" (Hawiye:Abgal:Wacbudan:Daud) is a powerful businessman in Mogadishu

Area of control

Controls areas of north Mogadishu, including Jezira air and beach port.

Somali Patriotic Movement

Leadership

General Aden Abdullahi Nur "Gabiyow" (Darood:Ogaden:Autivahan), Chairman of SPM

General Mohamed Said Hersi "Morgan" (Darood:Harti:Majerteen:Abdi Rahin), military commander

Area of control

General Morgan was based in Baidoa, but relocated to Puntland after the RRA split.

Jama Ali Jama faction

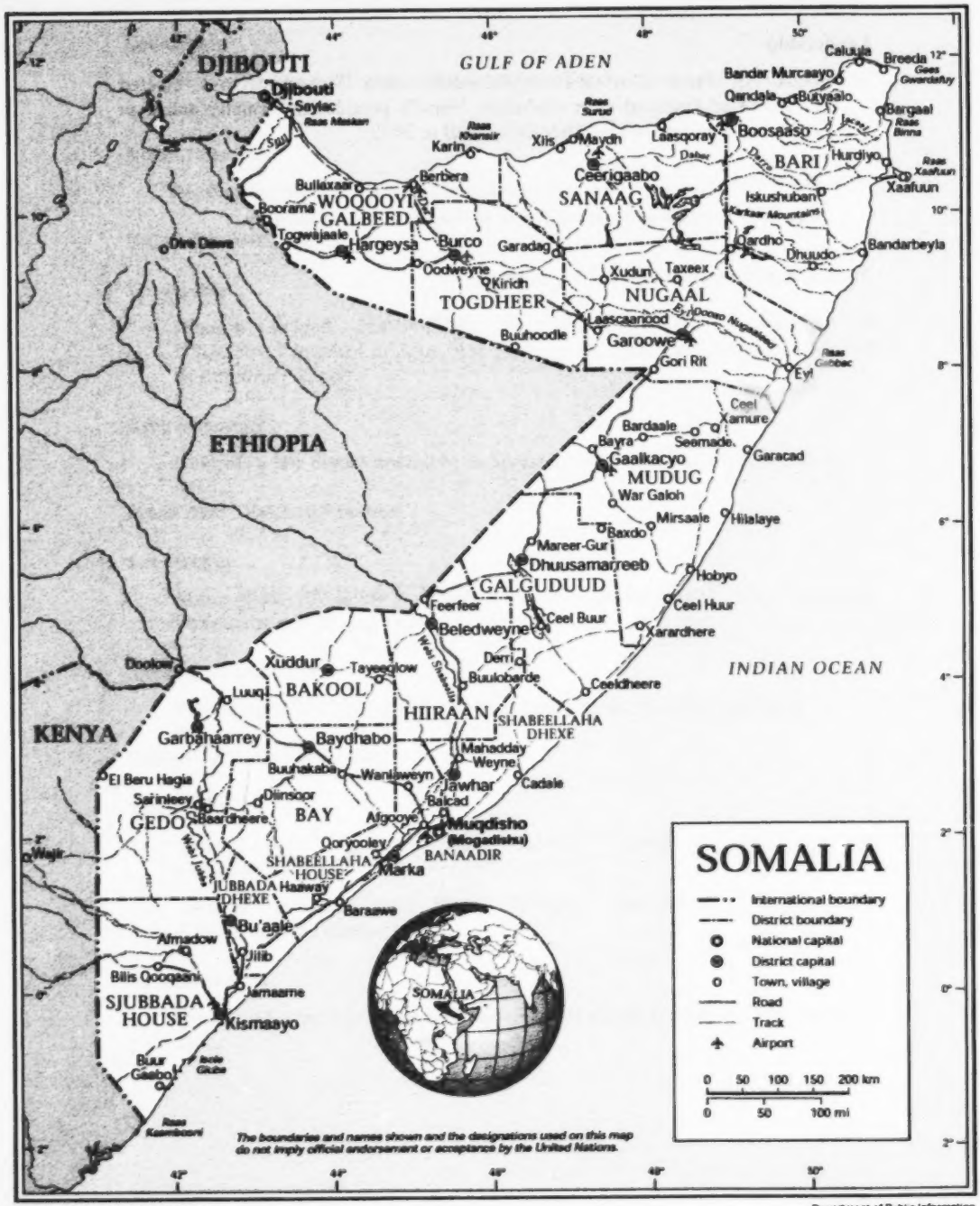
Leadership

Jama Ali Jama (Darood:Harti:Majerteen:Osman Mahamud) was elected President of Puntland after Abdullahi Yusuf's presidency formally ended in 2001, but was deposed by Abdullahi Yusuf in 2002.

Area of control

Currently controls some small forces in Puntland, but no territory.

Note: Clan affiliations are indicated in parentheses.



Map No. 3980 Rev. 4 UNITED NATIONS
August 1997

Department of Public Information
Cartographic Section